

China Brand Homes: Business history and projects; analysis of China Vanke Co. Ltd., 1988-2016

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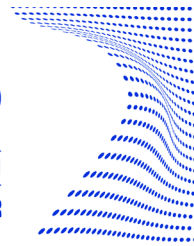
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Doctoral Dissertation

Doctoral Program in Architecture, History and Project (31th Cycle)

China Brand Homes

Business history and projects' analysis of China Vanke Co. Ltd., 1988-2016

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* * * * *

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Declaration

I hereby declare that, the contents and organization of this dissertation constitute my own original work and does not compromise in any way the rights of third parties, including those relating to the security of personal data.

Francesco Carota

Turin, February 05, 2019

Summary

This dissertation focuses on the design, concepts and practices regarding housing supply developed by private real estate companies in China.

Between 1979 and 2016, China experienced a period of rapid urbanization, accompanied by the introduction of numerous economic and institutional reforms impacting the nation's model of housing supply. Significant changes disrupted the urban housing sector in the country, shifting the main supply system from a public welfare model to a market-driven one. Within this time span, most new residential properties were developed and marketed by large real estate enterprises; these firms became crucial players in establishing the new housing market.

While there is an extensive body of literature examining China's housing market formation and progression, most of these studies focus on the economic and social aspects of housing, including factors such as affordability, inequality, governance, preferences and choices. However, the architectural and urban design of those houses, as well as the links between housing designs and market supply and demand, have yet to be thoroughly explored. This latter area represents thus the main focus of this dissertation.

To examine this complex issue, this research is based on an historical analysis of one specific real estate company, namely China Vanke Co. Ltd., as well as an architectural and urban analysis applied to some of this firm's residential projects. Founded in Shenzhen Special Economic Zone in 1984, Vanke was one of the first companies to enter the housing industry and is currently the leading firm in the mainstream residential sector. The relationship between Vanke's business and broader trends in China clearly emerges through a variety of materials and sources which have never before been collected, analyzed and revealed to the international academic community.

The primary aim of this research is the organization of these heterogeneous materials and their presentation in a series of coherent narratives. Second, the application of business history to the study of a home provider attempts to challenge conventional historical perspectives, thus considering China's housing market formation and transformation through a new lens. In this sense, an historical approach provides us with the possibility of acknowledging trajectories and patterns of housing adaptation within complex socio-economic contexts in continuous transformation without tracking merely a disparate set of artifacts.

Finally, expanding from the specific case of Vanke, this dissertation seeks to discuss two broader academic issues. The first issue considers the innovative processes of a real estate enterprise and the role of a single company in shaping new housing designs, based on supply and demand transformations. The second issue, drawing from the review of the concepts of housing and architectural commodification, argues that real estate developers have shifted from approaching housing projects as commodities to considering them as brands of a business enterprise. Indeed, my research shows evidences that both one single firm's processes of innovation and branding practices effectively influenced and shaped the design of the Chinese houses in the post-reform era.

This dissertation begins with an introduction to the research theme, methodology and the case of Vanke. From there, the core of the thesis makes use of the material elaborated and organized in the third part of the dissertation to critically argue the connection between housing design and the strategic positioning of a real estate company, in the frame of consolidated bodies of literature. Lastly, the third part includes an “original” repository about Vanke, comprising both an analysis of its projects and business history.

By examining the correlation between the historical narratives of a real estate company and the design of its residential projects, this thesis contributes further to our understanding of China's contemporary houses designs and their production over the time.

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For an Italian scholar, conducting a long research in China is not something that can be made alone. On the one hand, it needs a certain amount of financial, cultural and institutional resources which are essential to bring such a big work to life. For this reason, I would like to firstly acknowledge the two institutions, the Polytechnic University of Turin and the South China University of Technology, which provided me all the necessary support to carry on my research in Italy and in China.

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*I would like to dedicate this thesis to the memory
of Giulia, my friend and colleague*

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Preface

The purpose of this research is to study the design and physical form of the Chinese contemporary home within the post-reform housing-market context by examining a large developer's business history from 1988 to 2016, its business models and strategies, and its production during this time. China Vanke Co. Ltd., the largest real estate developer in China and in the world, is the focus of this research. Given this prerequisite, this dissertation examines the supply side of residential development, so I collected the company's reports and other documents, promotional materials, and academic papers to back up face-to-face interviews conducted during the research period, between March 2016 and September 2018. During this period, my research activities, including only those related to development of my final dissertation, have been carried out as follows.¹

Resume of research activities

Between March and June 2016, I spent my first research period in Guangzhou, China, where my interest in the Chinese housing sector, its configuration, and its production trajectory grew.

¹ It should be noted that carrying on such research in China did not draw on a perfectly linear and structured work flow. As I will explain further in Chapter 2, doing this research in China posed many issues concerning availability of documentary sources and archives, which many times were protected as state secrets. For this reason, long fieldwork sessions have proved necessary to complement this lack of documents, as well as verify some sources' validity or determine where to find others. However, anthropologists Stig Thøgersen and Maria Heimer expressed something that I learned the hard way: "Doing fieldwork inside the People's Republic of China is an eye-opening, but sometimes also deeply frustrating experience" (Thøgersen & Heimer, 2006, p. 1). China's territory appears to Western scholars to be a completely unknown field of investigation that requires an extremely flexible approach in research design. Most of the time, contacts inside the PRC, formal or informal, often have proven to be necessary prerequisites for doing research (Thøgersen & Heimer, 2006, p. 15). Most of the time, it is difficult to predict what you will find, or with whom you will be able to connect. Very often, some fortuitous contacts may prove to be better than others, but it is possible to figure it out only when you are in the field. This resulted in quite a frenetic and irregular research process that probably was necessary to understand the complex, multiple phenomena that characterized the formation and transformation of the Chinese urban environment in recent years.

During summer 2016 (June to August), I attended the China-Med Business School in Beijing, a summer school that focused on business studies in China, which was a good starting point to acquire knowledge and skills in subjects such as finance, business strategy, and legal frameworks of Chinese companies, representing an important step in my research.

Between September and December 2016, I examined extant literature on China's housing and real-estate sector, and I started to develop my research questions and methodology. Finally, I presented the results from my research during a Chinese Ph.D. thesis seminar at Polytechnic University of Turin. In November 2016, I returned to China for a short trip, during which I visited two of Vanke's housing communities in Guangzhou, its Wuhan affordable-housing (apartment) complexes, and its Wonderland Estate.

From February to May 2017, I spent three more months in Guangzhou, with organized daily trips to Shenzhen. I visited Chinese houses and residential estates, pretending to be a possible buyer. This gave me the opportunity to examine several Chinese houses in person and gain an understanding of their features and the mechanisms involved in their sales. During the same period, I conducted semi-structured interviews with seven Vanke employees: one marketing expert, two engineers, one designer, one investment manager, and two operational managers from Vanke's BoYu Apartments and Vanke Cloud City in Guangzhou. I also visited the following Vanke residential communities: Vanke Tianjing Garden in Shenzhen, the first residential community developed by the company; Vanke Cloud City in Guangzhou, one of the company's latest and most innovative developments; Vanke BoYu Apartments in Guangzhou; Vanke Groove in Guangzhou; Vanke New Miles in Nansha (Guangzhou); Vanke Songshan Lake in Dongguan; and Vanke Wonderland in Shenzhen.

During this same period, I also visited Vanke's headquarters in Shenzhen and Vanke Research and Development Center on Housing Industrialization in Dongguan. During these visits, I interviewed four Vanke employees (two engineers, one architect, and one expert in investment and finance). Moreover, I also talked with the vice operational manager of housing industrialization informally. I also secured some internal documents from the company.

Between September and December 2017 and between March and June 2018, I took two other research trips to China, during which I was based in Guangzhou and Shenzhen, and traveled to Beijing, Chongqing, Shanghai and Suzhou. During these excursions, I visited two Vanke properties in Beijing (Vanke Blue Mountain and Vanke COFCO Holiday Town), one in Chongqing, one in Shanghai (Vanke City Garden), and one in Suzhou. Moreover, I visited Vanke City Garden, Vanke Forrest Hill, and Vanke King Metropolis in Shenzhen.

During most of my visits on site, I talked to Vanke employees involved in selling or managing properties. Moreover, during my research in China, I collected real estate promotional materials, including newspaper ads and the "book of house"

(loushu), which details the layout and design features of single apartments and shows the narrative and branding strategies that developers use to attract customers. I also conducted a more systematic overview of real estate promotional materials in Guangzhou by consulting local newspapers' archives at Guangdong library at Sun Yat Sen University.

During the entire investigation period, I also searched for information about Vanke through bibliographical and Internet research, from which I obtained many public documents about or directly produced by the company, such as newspaper articles, academic papers, books, company reports, company journals, etc.

Finally, during my research, I participated to public seminars,² as well as I published part of my research materials.³ These activities surely help me to improve further my reasoning and to add some knowledges on the main topics, I developed for my dissertation.

Structure of the thesis

My final dissertation is organized as follows:

In *Chapter 1*, I provide an introduction to the research theme and questions, particularly inspired by a review of extant international literature on the themes of housing and housing markets in China. I then provide two articulated research arguments based on the questions that emerged and the primary conclusions that I deduced.

In *Chapter 2*, I attempt to explain my research methodology, how it is structured, and why it is innovative in the architectural and housing research fields. I also discuss theoretical approaches, as well as the use of sources.

Chapter 3 is intended to be an introduction about China Vanke Co. Ltd. The section aims to explain why Vanke was selected as a valid case study for this dissertation, as well as add some knowledge about Vanke compared with other top

2 In June 2018, I presented my thesis to the Architectural Humanities Research Association's (AHRA) Annual Research Ph.D. Symposium at Aalto University in Helsinki, Finland.

3 See e.g. following publications:

Armando, A., & Carota, F. (2019). High-rise apartments. In M. Bonino, F. Governa, M.P. Repellino, & A. Sampieri, A. (Eds.). *The city after Chinese new towns*. Basel: Birkhauser.

Carota, F. (2017). Oasification, in Cina la bellezza è in giardino. *Il Giornale dell'Architettura*.

Carota, F., Ramondetti, L., & Safina, A. (2017). Yanzhou Island: A well-being reserve inside the Zhaoging New Area. *Chengshi Sheji (Urban Design)*, 5, 58–61.

Carota, F., & Protti, M. (2017). Block/Super-block: From America to China. Phd Class Domesticating the Asian Megacity. (In course).

developers in the Chinese housing industry.

Chapters 4 and 5 are the critical core of the thesis, as they make use of the material elaborated on and organized in *Chapters 6 and 7* to highlight critical statements in the frame of consolidated bodies of literature. *Chapter 4* is a discussion about the role of real estate companies in introducing innovations into the housing market. *Chapter 5* is dedicated to a discussion on housing commodification, particularly introducing and discussing the concept of houses as brands.

Chapters 6 and 7 are an elaborated repository about the case of Vanke. *Chapter 6* is dedicated to Vanke's project analysis, comprising eight sheets that are examined for each Vanke product line, taken as references. *Chapter 7* provides Vanke's business history.

Chapter 8 provides concluding remarks, considering the actual work done and directions for future research.

Finally, a selected bibliography is provided, including both bibliographic references and sources that I used while studying Vanke.⁴

4 Hereafter, both bibliographic references and in text citations follow American Psychological Association (A.P.A.) 6th edition style guidelines. For sake of clarity, I differentiated the international literature, which I used to develop my critical reasoning, and the historical sources (most of them Chinese magazines and newspaper articles), which I adopted to retrace the history and the projects' portrait of China Vanke. For these latter ones, I specified both the surname and the given name of the author on in text citations.

Chapter 1

Research Statement

1.1 Research questions

“Production first, livelihood second” (Juanhua, Rowe, & Jie, 2001, p. 284) was both the philosophy that drove Chinese society during the last period of Mao’s regime and a line of thought that posed some consequences for urban housing design and conception. Indeed, at that time (between 1949 and 1978), urban houses were considered “ration articles” provided to people as an aspect of the social welfare mechanism. This fact surely drove to some important consequences regarding standards and quality of the produced dwellings, which were often never allowed to vary from a minimum common denominator (Juanhua et al., 2001, p. 284). Within the planned economy system—adopted in China between 1949 and 1978—urban housing was treated as a public resource; dwellings in China were mostly owned and built by public organizations that were both social institutions and state-owned enterprises (Wang & Murrie, 1999). Soon after the foundation of the special economic zones (SEZs)¹ and the introduction of the reforms,² in 1981,

1 In 1980, the State Council established five special economic zones (SEZs; Shenzhen, Zhuhai, Shantou, and Xiamen) in southern China in close proximity to Hong Kong, Macao, and Taiwan. The SEZs were established in coastal cities to open up the market and introduce to China innovative forms of trade, communication, and investment with foreign institutions and economies (during Mao’s Regime [1949–1978], commercial and economic activities with foreign countries were prohibited). Moreover, SEZs also became places where the economic reforms were firstly experimented on; those experiments were then repeated in other areas and cities.

2 In 1978, China’s former leader Deng Xiaoping introduced the “open door policy” to attract overseas investment and proclaimed that “to get rich is glorious” following a period of radical socialist ideology in China. The reform process in China was thus approved in 1978 during the third session of the XI Congress of the China Communist Party (C.C.P.). It gave rise to a series of policies that developed the “Four Modernizations” (industry, agriculture, technology, and defense),

Implementation Plan for a Gradual Housing System Reform in Cities and Town (Wang, Murie 1999, pp 148)	1988
Urban Housing Reform resolution: Implemented the reforms of 1988 (Wang and Murrie, 1996)	1991
Management Measures on New Urban Housing Estate (Cao 2015 p.223)	1994
The Decision on Deepening Urban Housing Reform (Wang and Murrie, 1996)	1994
Circular on Further Deepening of Urban Housing Reform (End of the Welfare Housing System) (Wu, 2010)	1998
Increasing Credit for Housing – document 169 of 1998 (Wu, 2010)	1998
Notification to Promote the Sustainable and Healthy Development of the Real Estate Market (Cao 2015)	2003
Housing Market control document enacted by the State Council (Cao, 2015)	2005
Circular on Resolute Control of Rapid Housing Price Inflation (Cao 2015)	2006
Law 70/90, stated that 70% of the approved floor area has to be built in apartments with a GFA of less than 90 m2	2006
Opinion on solving the housing difficulties of urban low income families (SC 2007 n.24): CRH and ECH introduced as public housing schemes	2008
New Type of Urbanization Plan	2012

Figure 1.1: Resume of some urban housing policies in post-reforms China (Source: elaboration by the author)

about 81% of all urban housing was still owned by the state; however, by 2002, 80% of the existing stock had been sold to private individuals (Wang, Shao, Murie & Cheng, 2012). During this time span, the Chinese government introduced many economic and institutional reforms into the re-establishment of an urban housing market.³ Extensive bodies of international academic literature focus on this housing reforms' early stages (see, e.g., Chen & Wills, 1997; Chen, Guo, & Wu, 2011b; Li, 2012a; Shaw, 1997; Wang & Murrie, 1996, 1999; Zhang, 2001) and the urban housing market's further development (see, e.g., Li & Chan, 2013; Li & Song, 2016; Wang & Xu, 2009; Wang et al., 2012; Wu, 2015; Zheng, 2015).

At the same time, those housing reforms, together with major economic

established as main directions for the country's development by the new government under Deng Xiaoping. The process that started with the reform of the rural sector in 1979 was brought to the Constitution's revision in 1982 and to the reform of the urban industrial sector in 1984 (cf. Benson, 2011, pp. 80–81; Samarani, 2004, pp. 302–303).

3 I do not intend to report here the whole history of the urban land and housing market's establishment in China, which is mostly considered a fundamental premise for all my research. For a more thorough understanding of this issue, refer to the academic literature cited in the text. Moreover, many fundamental nodes have been resumed in Figure 1.1 and discussed in further depth in Chapter 7 following the historical tale of China Vanke Co., Ltd.

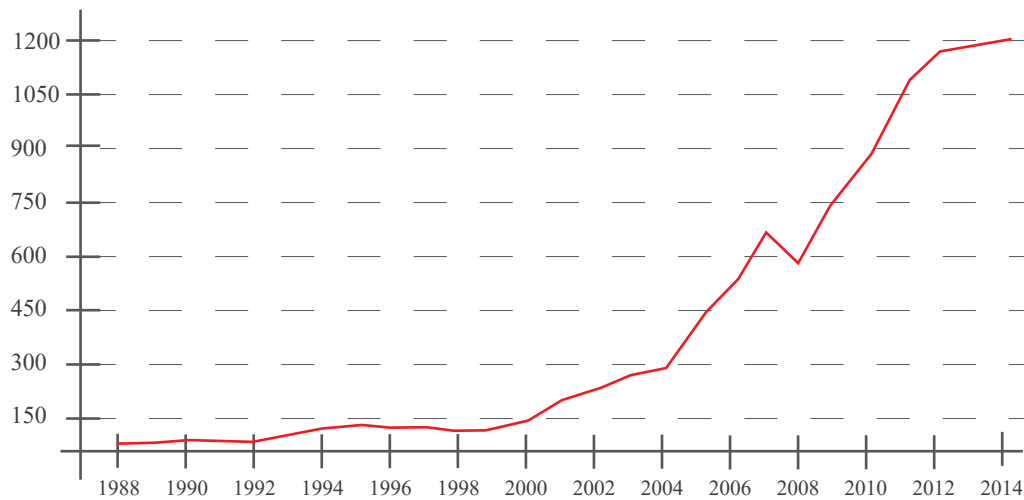


Figure 1.2: Commercial housing sales in post-reforms China (Source: National Bureau of Statistics China)

reforms and open-up policies, started a process of fast-paced urbanization in China to provide new houses for millions of people migrating from the countryside in search of job opportunities. The urban population in China reached 710 million people in 2014,⁴ which is fourfold the amount of the urban population registered in 1978 (Wu, Luo, Zhang & Skitmore, 2016). When measured in terms of floor area, 10.73 trillion square meters of housing were completed in urban areas⁵ in 2014, which is roughly ten times more than that in 1998, when the market-oriented urban housing system was completely established (China Statistics Bureau, 2015).⁶ It has thus been reported in the academic literature that, part after part, both inner-city neighborhoods and work-unit compounds⁷ were completely torn down to leave space for the rise of commercial and residential real estate (He & Wu, 2009). Even the surrounding rural and suburban areas of most Chinese cities were effectively transformed into massive construction sites that would rapidly become large-scale housing communities (Li, 2017). This occurrence was also the effect of a boom of

4 Chinese rural-to-urban migration was recently defined by the World Bank as the largest migration in the world (World Bank, 2014, p. 5).

5 To be precise, the relationship between urban migration and new house construction is not a clear, causal link. However, this connection is useful for showing some processes that have characterized the post-reform era in China.

6 A large part of this construction is situated in the so-called “first-tier cities” (cf. Cao, 2015), which indeed represent the favored field of inquiry in my study.

7 The work-units compounds, also named *Danwei*, were the basic spatial and social structures of China’s pre-reform urban spaces (Zhang & Chai, 2014). *Danwei* were configured as large-scale, walled compounds in which members of the same community lived together and followed the same unified administration—usually a state-owned enterprise. The work units were the basic units for resource allocation and distribution (e.g., housing rights) provided through the welfare system (Lu, 2006). Within such a political framework, the work units were not only a physical and spatial concept, but also the fundamental expression of the socialist society’s economic and social organization.

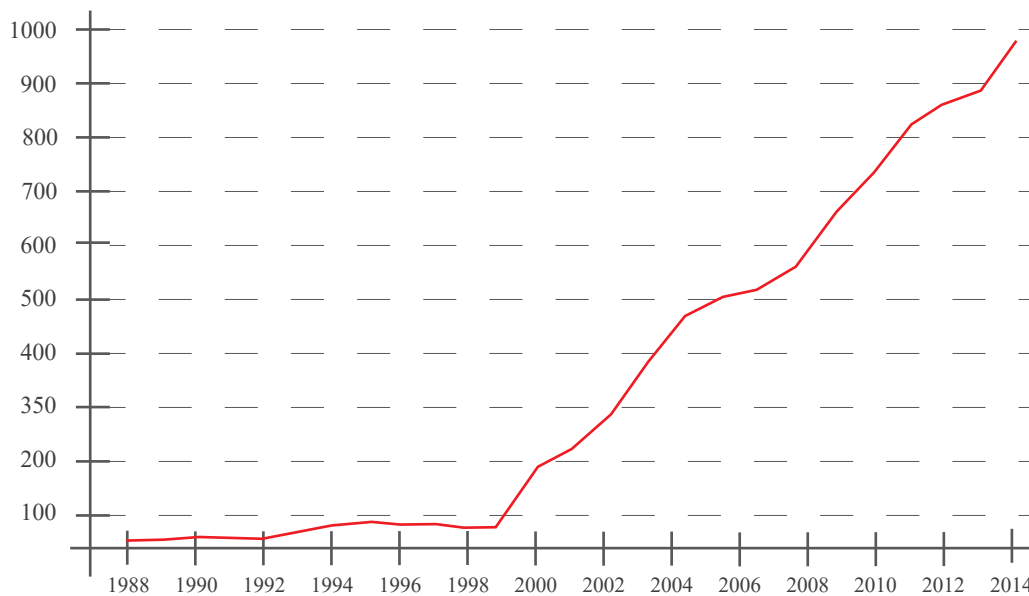


Figure 1.3: Number of real estate enterprises in post-reforms China (Source: National Bureau of Statistics China)

commercial housing production⁸ that rapidly replaced the previous urban housing supply. Thus, in 2014, 73.7% of the total housing stock had been developed by the private sector. Figure 1.2 illustrates the growth of China's commercial houses from 1988 to present day.

Since 1979, post-Mao economic reforms have brought significant changes to the urban housing supply. The vast majority of the new residential properties were developed by large private enterprises⁹ that acted as important organizations in understanding and defining the newly established housing market. Figure 1.3 displays the increasing numbers of real estate enterprises following those reforms. In this changed environment, the large-scale production and commerce of urban housing—primarily respondent to market and business logics—drove the question as to how Chinese house design and production were shaped, considered, and assessed by those newly born real estate firms. In other words, we must ask: what are those houses' physical forms and design features? How did they changed according to market factors' transformations (economical and political)? What meanings did real estate developers assign those houses? And how did those developers influence their final designs?

Indeed, most international housing studies in China have concentrated on houses' economic and social aspects in terms of affordability (see, e.g., Chen &

8 The term “commercial housing” here has been used synonymously with commodity housing; it has even been largely adopted in the international literature on Chinese housing and real estate development. However, the term “commodity housing” would inspire further reflection and conceptualization precisely dedicated to the topic (see paragraph 5.1).

9 “Private,” in this sense, also includes state-owned enterprises that operate according to the “private enterprise model” (Zhang, 2010, p. 21).

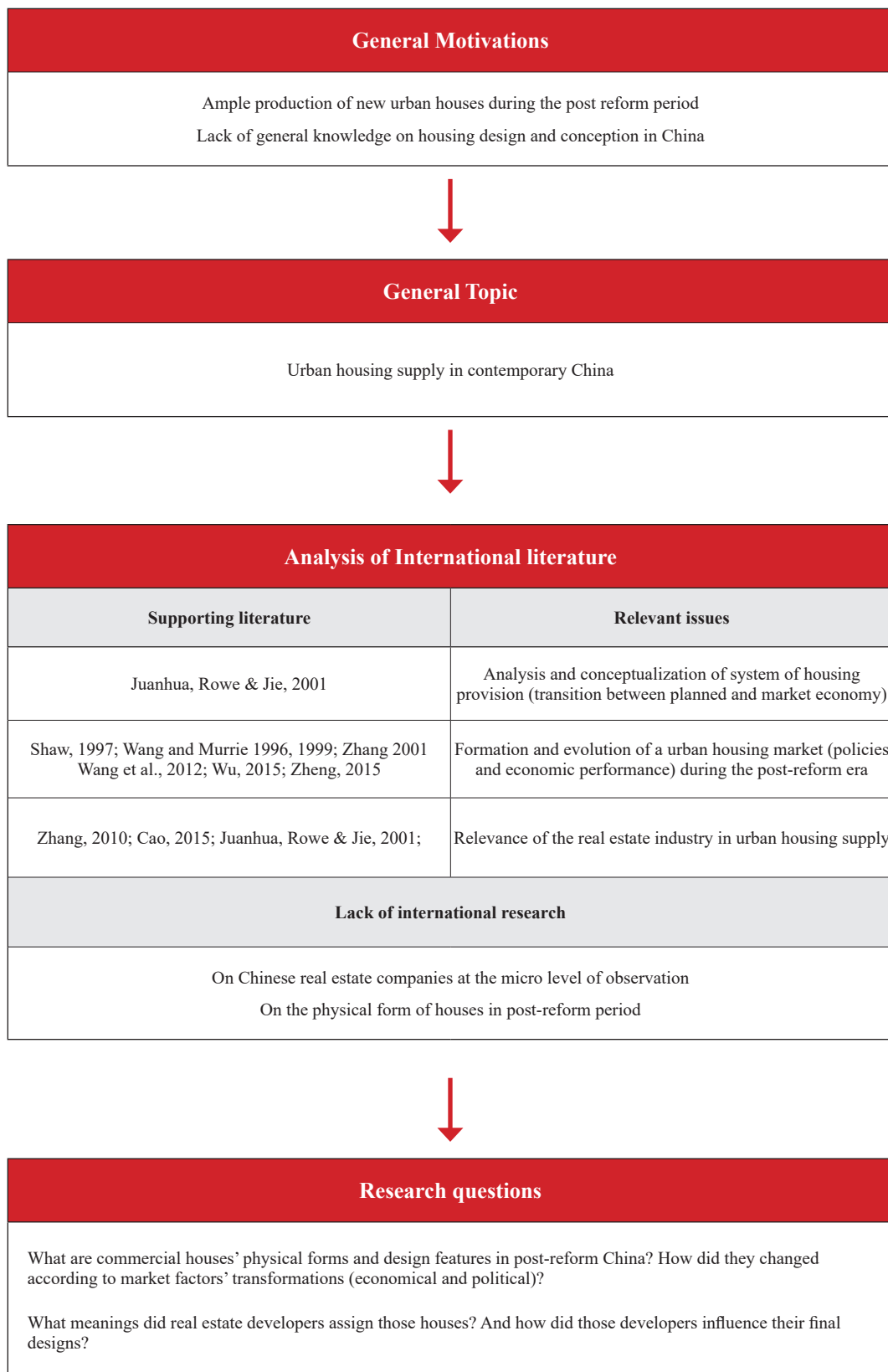


Figure 1.4: Resume of research questions (Source: elaboration by the author)

Deng, 2014; Mak, Choy, & Ho, 2007; Yi, Huang, & Fang, 2016), inequality (see, e.g., Li, 2012b; Logan, Bian, & Bian, 1999; Logan, Fang, & Zhang, 2009, 2010; Yi & Huang, 2014), governance (see, e.g., You, 1998; Xing, 2000; Zhang, 2002), preferences and choices (see, e.g., Huang & Yi, 2010; Tu, Li, & Qiu, 2016; Wang & Li, 2006). Less is known about these houses' physical attributes and designs in relation to both the market conditions and the industry that financed and managed their production.¹⁰ Moreover, while all these studies provide important insights about macro changes in China's housing system and market, there exists a lack of research at the micro level concerning real estate enterprises that may have pushed and influenced such a transformation.

Thus, while the academic literature mainly focuses on the striking numbers of the Chinese housing market and urbanization,¹¹ it now seems important to ask who these real estate organizations are, how they evolved, and how they influenced house designs together with the practices connected to their production and management.

All these questions formed the starting point for an exploratory study into a large real estate company named China Vanke Co., Ltd.¹² (hereafter “Vanke”), which has led the Chinese market for the last three decades. Most importantly, this company's success drives the question as to how its house designs and production were thus intrinsically related to the company's history (which also comprehends changes and innovations in strategy and business models) during the period of China's market formation (1988 to 2016).

1.2 Research arguments

Following an inductive logic, I used the history of Vanke and the analysis of some of its house designs to develop two main research arguments that are strictly connected to each other and basically draw upon one preliminary consideration. Even if, real estate development, as well as houses' and housing estates' architecture are surely shaped by a complexity of multiple and overlapping factors—such as urban policies, social constructed and urban rules, building's orientations, specific site characteristics, cultural and living models and many others—in this thesis, I suggest to put more emphasis on the way housing design is influenced

10 Although the book *Modern Urban Housing in China 1840–2000* by Juanhua et al. (2001) includes some important insights into Chinese house designs and physical attributes, it ceases its investigation at the end of the 1990s, leaving unexplored about two decades of important housing transformations in China. Moreover, the book is based on a macro and general overview that uniquely comprehends the country's entire housing history for more than a century.

11 Here, I refer to a multitude of quantitative studies that have been conducted on China's housing market and urbanization in recent years. For instance, see the special issue “China's Urbanization and Housing Market” within the *Journal of Housing Economies*, curated by Siqi Zheng and Albert Saiz (2016).

12 Many motivations may be addressed regarding the selection of Vanke as a principal subject of investigation for this research. See Chapter 3 for specifications.

by market logics and firm's relevant practices through which a company such as Vanke strove to increase its advantage over the competition. This consideration is based on the assertion that, within the formation and transformation of the Chinese housing market, Vanke was able to increase its advantage over its competitors, and thus to sustain its leading position in the market, through different strategies and managerial processes. In this regard, Michael E. Porter (1989) underlined two critical factors that affect real estate businesses' competitive advantage: (1) lower costs achieved through many processes, including a project's financing, design, and delivery, and (2) differentiation, including the development of some unique skills and/or resources that allow an organization to command a premium price. However, Porter (1980, p. 156) himself has previously demonstrated that companies in other industries can achieve these goals through a multitude of strategic dimensions. Among them, innovation leadership—including ancillary service provision, cost positioning, and product quality—and brand identification should be thus identified as two simultaneous process (or competitive strategies) undertaken by Vanke to validate its leading position in the market. This notion should certainly produce an interesting topic to deepen the fields of studies that explore the ways through which real estate companies compete in a given market—particularly the Chinese market (see Li, Li, Skitmore, Wong, & Cheng, 2009). However, starting from this consideration, my research aims to move further toward establishing and understanding the consequences of this stance on the design of Vanke's houses in addition to the mechanisms involved in their production.

Firstly, my research aims to demonstrate that housing companies develop firm-specific factors and cannot be considered homogeneous groups that behave in the same way within the housing and land market.¹³ This fact, pointed out by some authors (e.g., Ball, 1999; Coiacetto, 2001) in reference to British housebuilders and the Australian industry, is worth discussion in the Chinese context. Starting from this point, Vanke's history thus proves its role as a single enterprise in shaping the industry, anticipating the market, and influencing new housing designs and business models.

More importantly, while the role of real estate developers has rarely been investigated in housing studies and architectural history in both the Chinese and Western contexts (cf. Stevens, 2016) particularly in terms of their influence on house design, conception, and innovation, my thesis's project argues that Vanke¹⁴ was an important agent that conditioned houses' conception, construction, and management in China's post-reforms period. As the enterprise evolved, it expanded its business and consequently matured its organization. As it became more technically expert and more responsive to economic and consumer demand, I argue that it introduced

13 Many international studies, focused on the Chinese real estate market, do not mention single real estate enterprises or include them as mere listings (see, e.g., Cao, 2005; Cao, 2015; Chen & Han, 2014; Fung, Jeng, & Liu, 2010; Li, 1996; Stein, 2012; Zhang et al., 2016).

14 Beginning in 1997, Vanke became the largest Chinese real estate developer and continued leading the market until 2015.

Research arguments	
In post-reform China, housing design is not explainable by predictive logics given by broader socio-economic changes but it has been influenced by single firm's intentions and innovations	
Vanke's houses' design has been influenced by several firm's innovation and managerial processes	Thanks to innovation processes and housing design adjustments, Vanke has been able to access different sub-markets during the time
In post-reform China, housing design has been influenced by the idea of houses as brands of a business enterprise	
There is a connection between Vanke's houses' design and the creation of its brand identity	There is a connection between Vanke's houses' design and the creation of lifestyles for targeted housing occupiers

Figure 1.5: Resume of research arguments (Source: elaboration by the author)

new housing forms and other kinds of innovations into the Chinese housing market.¹⁵ I discuss how these innovations relate to one another as well as how they effectively influenced the final design of Vanke's houses. Moreover, I argue that innovations helped the company strengthen its market position and sustain a continuous economic growth. More specifically, adopting William Lazonick's definition of "Innovative Enterprise," I will attempt to depict how, during the time, Vanke produced houses intended to be higher in quality and lower in cost (Lazonick, 2013). In pursuing this strategic development, the company tended to expand and differentiate its catchment areas by accessing new sub-markets and inserting new housing patterns into those markets. This fact introduced important changes into housing production and resulted in different forms of spatialization and design. Subsequently, I also attempt to explain how the evolution of the company's projects and processes was often connected with strategic adjustments to outer-market conditions. Indeed, the focus on one single company attempts to demonstrate how market processes and house designs' spatial outcomes are not directly attributable to predictive logic; rather, company's investments in innovation must be taken into consideration¹⁶ as matters that can easily be explained by the fact that markets cannot demand products or services that do not yet exist (see Chapter 4) (Lazonick, 2010).

Secondly, a deeper understanding into how housing projects have been narrated, described, and marketed by developers is another way to exemplify how developers firstly considered houses commodities, such as cars or other material objects. Although this consideration is part of a worldwide debate (see, e.g.,

15 Here, we must consider that the Chinese housing market is relatively young and that Vanke started its operation at the very beginning of the market's formation (see paragraph 3.1).

16 This consideration has also been retrieved by studies in the branch of evolutionary economics that perceive the role of single entrepreneurs (and/or firms) as fundamentals in the market's evolution and in the creation of consumer values (see, e.g., Nelson, 1991; Nelson & Winter, 1982; Penrose, 1959).

Booth, 1982; Drudy, 2004; Forrest, 1983; Friedman, 1993) that discusses housing commodification processes, in China, it assumes a major emphasis ascribable to many factors.¹⁷ For instance, factors that must be considered include the monumental scale of housing production during the post reform era, the particular conditions of homeownership rights enforced at the time,¹⁸ or the form of some standardized and industrialized methods of production adopted by some real estate developers¹⁹ (cf. Armando & Carota, 2019, pp. 143-155).

Thereafter, through the link between selected housing projects and the historical development of Vanke, my research attempts to explain how urban houses have been further considered and conceptualized by Chinese developers as brands of a given enterprise rather than commodities. By this, I mean the production and design of commercial housing have been promoted and featured by real estate companies to occupy a special place in the minds of consumers and other stakeholders (cf. Wheeler, 2009, p. 12). In addition, following Klein (2000), my project argues that, for some developers, home branding was a way to link houses to cultural ideas and iconographies (as cited in Deamer, 2005) that their brands could reflect. Developers also tried to set up their own brand identities based on the development of their own companies' cultures (see Chapter 5 for specifications and references). Year by year, this phenomenon became more evident due to the increased market's concentration on the hand of some large companies²⁰ and the efforts undertaken by such companies to strengthen their brand position when facing consumers and other stakeholders. Indeed, I argue that, by developing their own brand identities, companies such as Vanke disclosed a consideration of the house that completely countered the neutral repetition of the pre-reform's public housing production. Finally, I assert that such emerging "brand houses" became an interesting field of inquiry not only because they offer a tangible location for emerging Chinese middle classes to accommodate their lifestyle practices and dreams (cf. Zhang, 2010), but also because they are material proofs that reflect visions and strategies of real estate enterprises and their attitudes in shaping the built environment. In other words, this research argues that, at the extreme of its commodification processes, the idea of houses as brands effectively influenced and shaped developers' final designs.

17 As further explained in Chapter 5, the idea of commodity housing has been largely debated and discussed in the recent international literature on China's urban and housing studies (see, e.g., Chen, Guo, & Wu, 2011a; He & Wu, 2009).

18 In China, the state allowed the transfer of land use rights for seventy years for residential projects, fifty years for industrial projects, and forty years for commercial purposes (Haila, 2007).

19 In China, the industrialized method of production was largely promoted by Vanke itself during the post-reform era. However, as noted by Juanhua et al., (2001, p. 290), China has often paid great attention to industrialized housing techniques throughout different phases of its modern housing development.

20 The market shares of the largest Chinese developers increased by 30% from 2012 to 2014 (Cao, 2015, p. 208). See paragraph 3.2 for further specifications.

1.3 Research objectives

Firstly, considering the context in which my research is situated, one main objective of this dissertation involves documentation of the built environment. This operation becomes a more critical issue when the researcher explores not only a distant time period, but also a different country and context, such as modern-day China.²¹ Indeed, in the majority of the global world, China reveals a particular difficulty in accessing many sources and knowledge of relevant matters occurring within the country, which nevertheless remains an ignored field of inquiry from a Western perspective. Considering this factor, even the mere action of some case studies' elaboration and archiving assumed both a more interesting meaning and a completely different challenge.²² The records of facts and events that were told by different actors implicate an intersection of various sources and observation techniques. This *mixité* of approaches not only represents a way to overcome the scarcity of archives and registered sources, but also reflects the complexity and plurality of the contemporary Chinese city as a territory of investigation (Bonino & De Pieri, 2014, p. 20). Along this line, the primary aim of the research promptly became the collection of those heterogeneous materials as well their systematization in a series of coherent tales. Specifically, eight cases of Vanke's housing projects (later shown in Chapter 6) aim to describe single portions of housing accommodations and isolated fragments of the built environment that occurred across different time spans²³ and circumstances²⁴ within China's post-reform era. This repertoire of housing solutions, recorded and graphically analyzed not only through words and voices of commercial operators and architects but also through pictures as well as technical and commercial drawings, was firstly intended as a way to fill the lack of information in the international literature about house design and the physical attributes of China's contemporary panorama (see paragraph 1.1).

However, this investigation into housing design, connected with the discourses used to promote them, also has something to say about the formation of people's lifestyles and social group identities (see, e.g., Zhang, 2010). In any case, the intent here is not new; for instance, sociologists such as Tomba (2009a, 2009b) reveal

21 Historically, within social and anthropological studies, description and documentation have been employed as validated research methods (see, e.g., Eggan, 1954).

22 On one hand, scholars in the field clearly recognize the problem of accessing sources and the geographical complexity of the Chinese territory (De Giorgi & Samarani, 2005, p. 16), while on the other, the exteriority of Chinese thought and its cultural context must be considered with respect to the Western context (Jullien, 2008, p. 6).

23 The eight cases have been chosen for allocation following the periodization proposed in paragraph 2.2.

24 Case studies of Vanke's designs have been selected in the so-called Chinese first-tier cities of Beijing, Guangzhou, Shanghai, and Shenzhen according to the hierarchical classification of Chinese cities. Those metropolises indeed represent the first places of urban expansion in China often documented by the international academic literature on the topic; however, they were also the first fields of operation selected by Vanke, and were thus the places where the company firstly tested many of its housing novelties and transformations. Those first-tier cities should be thus considered the most prominent fields of this research investigation.

Research objectives
To document housing practices and houses designs occurred in different time periods of China's post reform era (1988-2016)
To re-draw the historical evolution of the Chinese housing market in the post-reform era (1988-2016) from a different and closer angle respect to the existing literature on this issue.
To understand commercial housing production and consumption through the perspectives of the dynamic enterprise and through the analytical notion of "houses as brands".

Figure 1.6: Resume of research objectives (Source: elaboration by the author)

that access to a certain typology of house defined people's social status more than income did, while Fleischer (2007) indicates that, in China, "to choose a house means to choose a lifestyle". Although all these authors provide important insights into the connection between houses and social change in China, they do not delve into the design and production of houses as commercial outcomes. Regarding this statement, portraits of housing solutions depict their documenting role not in the way that cases were chosen for their intrinsic architectural quality, but rather because they were intended to be representative of common interventions realized during the analyzed time period. Within architectural studies, some architectural historians' schools started recognizing the importance of conventional buildings' microhistories along the line of a more general trend: "it was a time that historians should be accused of wanting to know only about the great deeds of kings, but today this is certainly no longer true."²⁵ In modern-day China, it is important to know more about the ordinary buildings that mold the landscape of the contemporary metropolis because they represent both the living solution for a larger part of the Chinese urban population as well as how many others dream of living.²⁶ Moreover, when we refer to the Chinese built environment as well as the documents involved in its transformation, the extremely ephemeral condition of these legacies must be considered (Liu, Xu, Zhang & Zhang, 2014). Along this line, a documentation of their physical forms assumes a more critical connotation. Finally, if single cases represent isolated pieces of a broader spectrum of artifacts that define the urban

²⁵ The quote was retrieved from the first lines of the book *Il Formaggio e i Vermi* by Carlo Ginzburg (1976).

²⁶ It has already been acknowledged by previous literature that the large production of commercial housing, many times in the form of gated communities, provided the physical and social spaces necessary to accommodate the emergence and subsequent rise of new middle classes in China (Zhang, 2010, p. 3)—a rise that represented the epitome of the country's new urban population. Those authors argue that the rise of "commodity housing" and increasing homeownership following economic liberalization and market reforms played a fundamental role in the formation of new social groups following the liberation of consumptive forces in China (Davis, 2000). In this manner, the representations of those housing estates (e.g., through developers' marketing and branding tools) became a visual imagination of the domestic life and were able to create an exclusive urban imagination (Fraser, 2000, p. 28). As argued by Pow (2009b), that imagery expressed the notion that urban citizens were provided with a "new lifestyle" in "modern housing," which, in various ways, was also perceived as the ontology of the "good life." There is no doubt that those urban houses functioned sufficiently to reveal the growing housing aspirations of the new Chinese middle classes and as an important feature of the contemporary culture.

environment in China, the business history of Vanke, introduced in Chapter 7, is intended to create a frame narrative that not only links those fragments together, but also fills them with a deeper interpretative meaning.

Indeed, a second important objective of this research involves addressing some matters in China's housing and real estate studies from a unique and different angle. Following some other scholars' directions (see, e.g., De Pieri, Bonomo, Caramellino, & Zanfi, 2010), one of my investigation's convictions is that a closer view on a single real estate company and a focus on its products should say something about China's housing market that cannot be perceived by a general overlook. Indeed, much has been written about the Chinese housing market's development from a multitude of angles (see paragraph 1.1). These authors have examined the intrinsic relationship between market reforms and economic or social factors and clearly explained several historical paths of development. Although these studies acknowledge the importance of the real estate industry as both an economic engine and a dynamic and developmental business, single real estate companies have been rarely investigated, and it may in fact be argued that they have been generally treated as a homogeneous and abstract assembly. By contrast, my study analyzes how houses have been shaped and narrated by a single developer. In this way, I highlight the role of single entrepreneurs (firms) in innovating the industry as well as their insights and visions within this specific context of China's market formation.

Finally, in the face of a more general audience, my work aims to provide an understanding of commercial housing production and consumption through both the perspective of a "dynamic firm" (cf. Chandler, Hagstrom, & Solvel, 2000) and the analytical notion of "houses as brands" (see Chapters 4 and 5). Following these principles, my approach attempts to make explicit a new link between housing architecture and business (and/or brand) management, which emphasizes the role of a property firm in a market that continuously changes and evolves. This factor aims to place houses' designs in a supply-and-demand frame that must not be conceived as fixed points, but must rather be inscribed within the complexity of a socio-technical product's formation. Indeed, many clues currently indicate that commercial housing designs and innovations occur not only within the domain of architecture practice, but also—and primarily—outside that domain, which may be asserted with regard to both the Chinese context as well as broader ones. Thus, I suggest analyzing real estate companies and their business operations as one way to understand house features and values. All these factors additionally involve a methodological experiment that proposes some analytical perspectives and may serve as a starting point for future research.

Chapter 2

Methodology

2.1 Approach

The subject of this research is the house as a product of post-reform China (1979 - onwards), with a particular focus on its design, production, and resulting conception (see paragraph 1.1). According to Hanson (1998, p. 2), houses (particularly collective houses in my case) serve, in different context, the same basic needs of living, cooking and eating, entertaining, bathing, sleeping, storage and many others. However, even if those needs remain almost unchanged, basic human activities are arranged in the house in a multitude of ways, which may strongly vary according to different historical periods and cultures. In this view, what should be highlighted is not that the house “is a list of activities or rooms but that it is a pattern of space, governed by intricate conventions about what spaces there are, how they are connected together and sequenced, which activities go together and which are separated out, how the interior is decorated, and even what kinds of household objects should be displayed in the different parts of the home” (Hanson, 1998, p. 3).

Moreover, in this research the aim is to understand the history and transformation of houses in the Chinese post reform era, so in order to compare one scheme with one another, and to interpret their economic and social values, all the elements, dimensions and relations, which constitute the space pattern, must be identified. For this reason, per each selected Vanke’s housing project, I analyzed the apartments’ plans, identifying the function of each room, their sizes as well as their configuration, through the use of architectural drawings, analytical sheets and Justified graphs.¹ These descriptions can thus inform the way in which a group of

¹ For further specification on Justified graphs in the study of houses space configuration

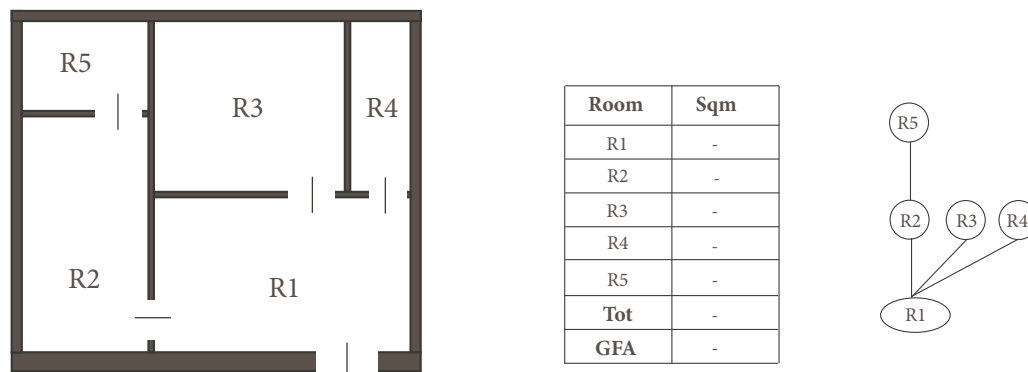


Figure 2.1: Example of graphical illustration and analysis of houses plans drafted for case studies in Chapter 6 (Source: elaboration by the author).

ambient is assembled to form a pattern, rather than illustrating merely the localized properties of any singular space (Hanson, 1998, p. 24). Therefore, these illustrative and analytical tools, applied to several houses plans, provide us with the possibility to draw qualitative and quantitative investigations of houses attributes. Figure 2.1 provide a graphic illustration that serve as an example to display how single apartments portraits (in Chapter 6) have been drafted in this research.

Even if the study additionally focuses on the private space of dwellings, within this research, house design is considered a multi-dimensional phenomenon that involves considering not only the features of the home's private space, but also the estate's external environment and the broader urban location in which it is inserted (Ouweland & Bosh, 2016) (see Figure 2.2). Having this multi-scalar overview also means housing products are perceived as part of an urban development process. This argument is especially relevant and applicable in the Chinese environment, where large-scale developments are typically the ordinary housing supply forms (cf. Wu, Xu, & Yeh, 2007). More precisely, my approach takes into consideration the typical "superblock" structure of the Chinese city² as the "basic unit of urban planning and real-estate transaction" (Monson, 2008, p. 47). Following this line, the development of the "superblock" model in many Chinese cities diluted the urban grid and created a cellular morphology where the major aspects of urbanity were internalized in the block thanks to the creation of an internal, small street network (Monson, 2008). Moreover, "superblocks" are primarily developed in the form of gated communities, thus stressing the inward-looking form of urbanism they create. As noted by Baird (1995, pp. 239–302), the "super-block" configuration also led urban streets to be conceived of as resulting spaces and distinct pathways for different kinds of transportation. In this sense, the house must be considered

refers to Hanson (1998, pp. 22–38)

² According to Abramson (2008, pp. 46–47), "easy assembly of land has made superblock-centred redevelopment almost as prominent in Chinese first tier cities."

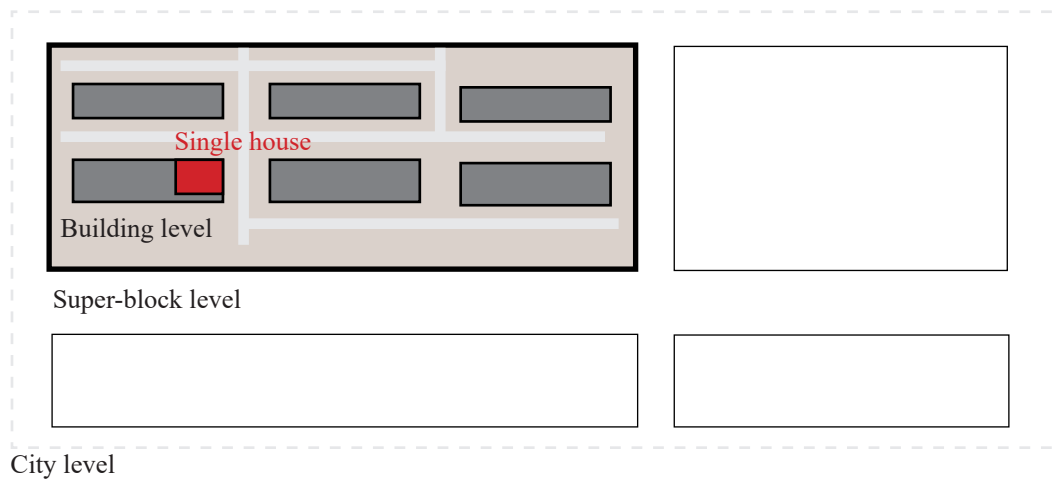


Figure 2.2: Diagrams representing the housing cell in a super-block structure (Source: elaboration by the author derived from Monson, 2008).

not only a cell in a building that faces an urban road, but also a small portion of a broader residential compound, completely promoted and developed by a unique real estate firm (for a more thorough specification, cf. Armando & Carota, 2019, pp. 143–155).

Subsequently, in order to understand the transformation of both the house and housing design during the time, my research attempts also to understand the housing design in relation to some aspects that influenced its changes. Following Madanipour (1996), one way to understand the process of urban transformation is to properly focus on development agencies, which also involves considering “the structures they interact with in the form of resources, rules and ideas, and the social and spatial contexts in which they operate” (Roitman, Webster, & Landman, 2010, p. 18) (cf. Figure 2.3). Development agencies in China are commonly real estate enterprises, both state-owned and private companies. However, the focus on a real estate company and the subsequent investigation into its internal apparatus cannot exclude the evaluation and consideration of a broader institutional and political environment in which an organization is inserted (see Figure 2.4).

Moreover, in order to discuss the transformation of houses during a selected period of time (1988–2016), my research does not exclusively focus on one single real estate development project, but rather on the comprehensive transformation process of a single real estate company. The research thus aims to use a historical³

3 This is in reference to the business history field, which was born as an academic discipline in the U.S. at Harvard Business School in 1927. In a broader sense, business history comprehends the histories of individual firms or entire business systems. From 1960, the disciplinary field has developed specifically thanks to the contribution of Alfred D. Chandler, Jr., whose studies on firm dynamics are an important reference for my research. In a broader sense, business history research is notably immense; among this body of literature, the following sources were useful for my study: Amatori and Jones (2003), Chandler (1966), Chandler, Hagstrom, and Solvel (2000), Decker, Kipping, and Wadhwani (2015), Harris and Buzzelli (2005), Jones and Zeitlin (2007), McCarthy (1994), Popp and Fellman (2017), and Weiss (2002).

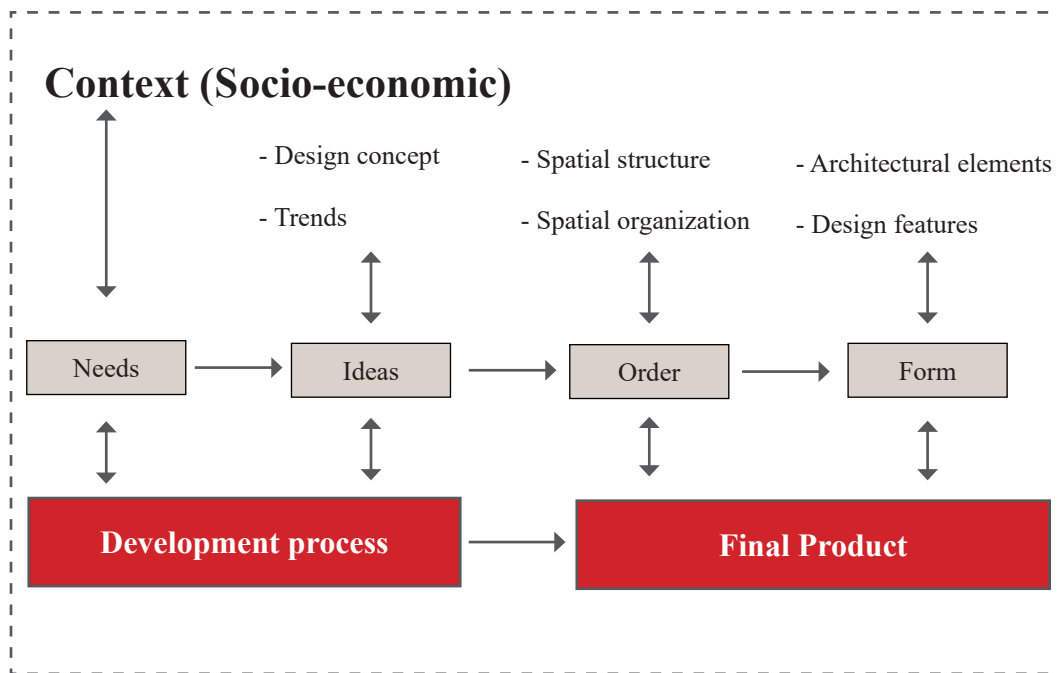


Figure 2.3: Institutional framework for investigating the making and changing of urban space. (Source: elaboration by the author derived from Roitman et. al, 2010)

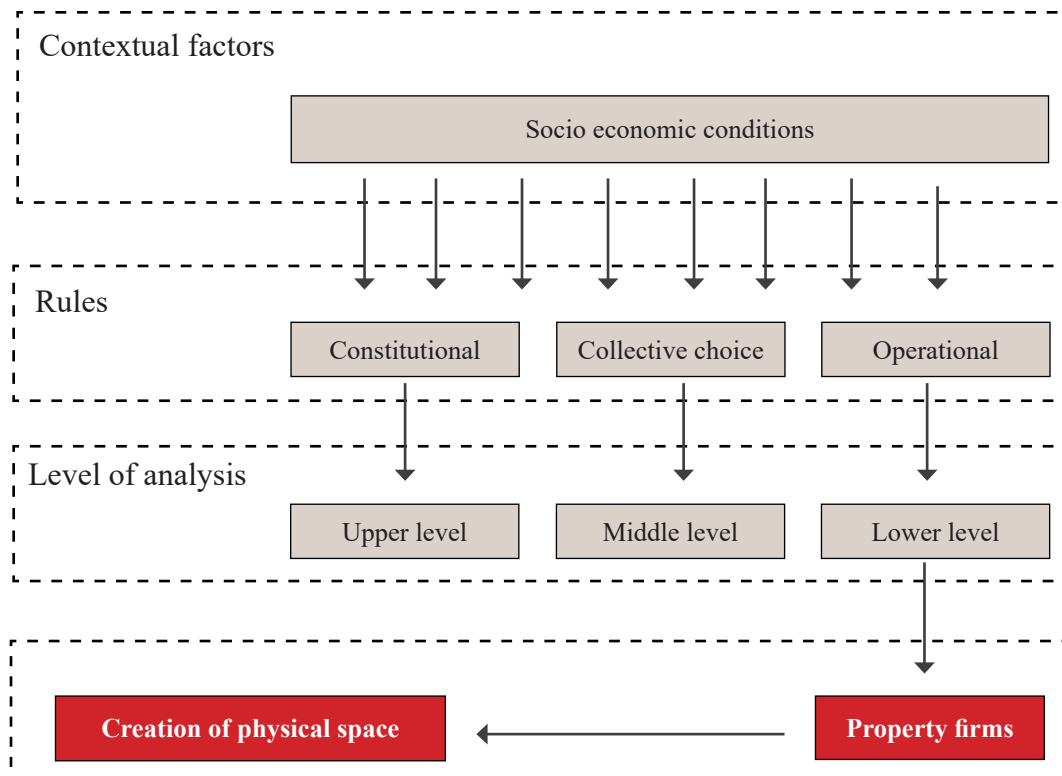


Figure 2.4: Property firms in an institutional analytical framework proposed by Cao and Keivani (2014) (Source: elaboration by the author elaborated on the basis of Cao, 2015).

approach to both analyze the housing design and manufacturing process of a large Chinese real estate company and understand how its production changed over the selected time period. Undertaking a similar approach means studying the historical evolution of a company in relation to the political, economic, and social environment in which it operates.⁴ In this sense, business history additionally aims to identify the differences between individual firms or key actors as a means of explaining technological and design innovation as well as the achievement of a competitive advantage (cf. Fridenson, 2007, pp. 9–31).

The use of a similar approach in housing and architectural studies is intended as an innovative experiment to highlight a different way to understand housing design, production, and meaning in a selected context. First and foremost, the choice to apply business history to real estate developers enhances the importance of individual companies in shaping commercial houses and related urban environments, innovating the market, and boosting the capital's engine. Moreover, business history permits different views on housing projects and market innovations that are weak in most institutional- and actors-based analyses (see, e.g., Adams & Tiesdell, 2013; Cao, 2015; Haley, 1992; Wu et al., 2007). A business history approach to the real estate industry also attempts to change some usual historical perspectives. Indeed, both architectural histories based on the ideas and practices of architects—as well as housing histories based on broader political, social, and economic forces (in China, see, e.g., Junhua, Rowe, & Jie, 2001)—tend to exclude a series of marketing and business strategies, procedures, and ideas that are crucial for characterizing housing projects and explaining their impact on the built environment's construction in a given context. Real estate developers (namely those in China) are not thought of as mere investors, promoters, and architects' clients; rather, they manage and plan development processes as well as diffuse their visions among design and construction teams.⁵ For this reason, they should be considered prominent agents to explore within the frame of architectural and urban studies. Limited examples of research works have been previously conducted in a similar manner. Among them, the research work of Sara Stevens (2016), published in the book *Developing Expertise: Architecture and Real Estate in Metropolitan America*, attempts to use the biography of individual developers to re-trace the American urbanization process in the post-war period; Stevens's work has been, methodologically speaking, one of the closest references and inspirations for my research.

4 The focus on a single firm does not exclude the context in which it operates on different levels in a continuous interaction. For this purpose, Figure 2.3 illustrates Cao's (2015) elaboration of an institutional framework that was appositely adapted to the Chinese real estate market.

5 This argument has been retrieved from conversations with experts in the field, such as Prof. Wang Shifu (South China University of Technology), Prof. Xiao Jing (Shenzhen University), and Prof. Jiawen Han (Xi'an Jiaotong Liverpool University). Moreover, the real estate developer's relevant role in the design and realization of commercial houses has additionally been proven in other contexts (see, e.g., Jenkins & McLachlan, 2010).

2.2 Research structure

My research focuses on one Chinese real estate firm, named China Vanke Co., Ltd⁶ (hereafter, “Vanke”). Firstly, because the research focuses on the company’s development process and the market in which it operated during a selected time period, I elaborate upon a periodization scheme that comprises a temporal division based on the company’s internal strategies and relevant changes in the institutional and political environment. The proposed historical periodization is helpful for easily connecting the company’s transformation with the projects it developed and subsequently positioning them within a much broader socio-economical process. Four main periods have been designated and connected with the gradual enlargement of the consumers’ target operated by the company,⁷ including (1) the real estate market initiation (1992–1998), (2) the real estate market expansion (1999–2004), (3) the real estate market under control (2005–2011), and (4) the real estate market under the “new normal” (2012–2016).

Because the first phase of my research is additionally based on the housing environment’s documentation, I selected eight development cases situated in Chinese first-tier cities and arranged them into four groups according to selected periodization. For these cases, I applied a descriptive and critical analysis of housing dimensions, focusing on marketing and design strategies and features. Case studies devised by the Urban Land Institute⁸ have been used as references for the construction of the projects’ portraits. Both qualitative and quantitative analyses have been conducted based on the graphic reconstruction of the houses’ models, for which advertisement materials and on-field explorations constitute the basic sources. Another important matter in the case analysis involves reporting the words of sales agents, commercial operators, and architects as they sell and promote their projects. These narratives are fundamental evidence for demonstrating the targets to whom the project is directed as well as the branding strategies operated by the company to differentiate its production. To certify the significance rooted in constructing a public discourse when relevant to the research purpose, I displayed customers’ reactions to the product, awards the company received from the Chinese government, and general comments provided by press media and academic magazines.

During a second research phase, I developed Vanke’s thematic business history from 1988 to 2016. The history highlights many themes useful for understanding the company’s corporate brand and the transformation of its strategies during the time. The history’s narrative structure employs both a temporal and thematic sequence. This structure will, first and foremost, help identify in which time period some strategies and ideas began being considered or ultimately resulted as most decisive for the company’s development; at the same time, it showcases the company’s

6 See Chapter 3 for a more exhaustive introduction to the company.

7 This periodization partially follows that suggested by Cao (2015) for a broader comprehension of the real estate market development in China.

8 See Urban Land Institute, available at <https://uli.org/>

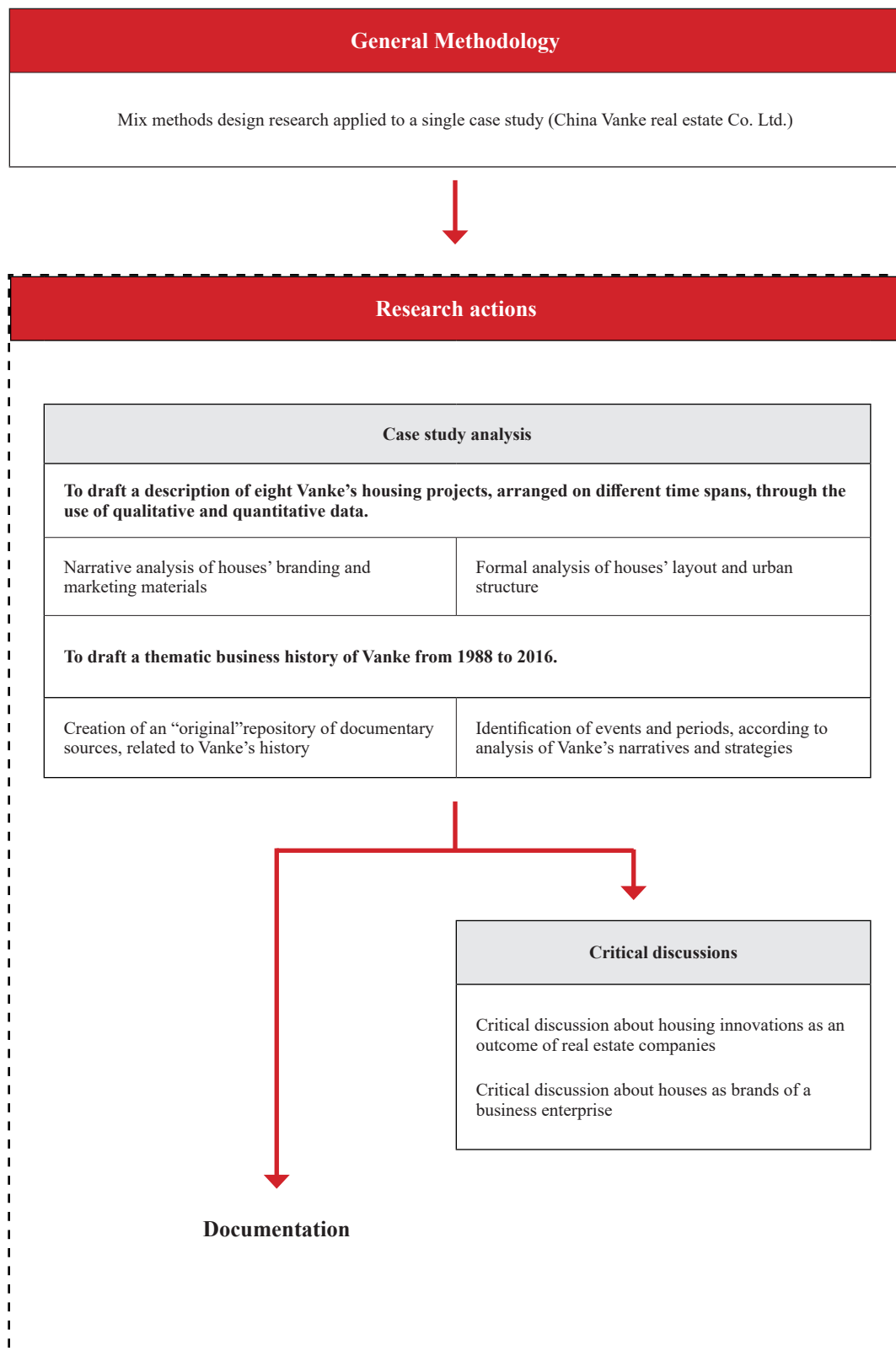


Figure 2.5: Resume of research structure and methods (Source: elaboration by the author)

transformation in a continuous and clear manner.

Undertaking a micro-historical approach to a specific company and its housing projects certainly raises a problem of typicality (see Burke, 1992, p. 39). Indeed, the selected company may be evaluated as an exceptional case as well as an individual example of a wider set of real estate companies that act in a similar way. A further discussion of Vanke and its relation to other real estate developers in China is briefly provided in Chapter 3. However, in this case, the problem is due to some consequences regarding the research's epistemological construction and validity.

More precisely, following some recent orientations within China's historical research (cf. De Giorgi & Samarani, 2005), it should be noted that the Vanke case has been considered the protagonist of a specific cultural and material dimension due to its contextual and particular role. In this manner, the case has been analyzed such that it does not fall under a broader generalization. However, adopting a method derived by social science, my research additionally draws on the possibility that micro-historical approaches permit the tracing of general conclusions from local and specific data (Burke, 1992, p. 41). This was previously encountered alongside the objective to project results and evidence on a much broader scale; in other words, for specific arguments, a company such as Vanke—by considering any case's peculiarities—has been assumed to be representative of a broader group of Chinese real estate developers.

Throughout the evidence collected with the previously explained methodologies, two critical themes connect and discuss the research's main arguments. The first theme concerns innovations in real estate and particularly discusses the singular role of real estate firms, while the second theme concerns housing design and conception, considering the notion of houses as brands of a given enterprise (see paragraph 1.2). Following an inductive logic, the themes that correspond with my research arguments were firstly retrieved by the particular analysis of Vanke as a case study. Thus, if the first part of the research is mainly descriptive and restricted to the Vanke study and its projects, by contrast, critical accountings aim to position the case in a wider cultural and scientific debate.

2.3 Sources

In business history, oral sources have been gradually substituted by companies and other institutional archives, such as chambers of commerce and trade associations (Fridenson, 2007, p. 10). In China, retrieving both oral and archive records poses a number of issues, the first being the existence of a linguistic barrier while studying the Chinese environment—a limitation that, in some cases, may be overcome due to the involvement of experts met in the research field.⁹ Moreover, Vanke was

9 According to Stig Thøgersen (2006, p. 116), “it is possible to do research in China without speaking Chinese, but it is necessary to have a language strategy during fieldwork as practically everything we learn about Chinese society and culture in interviews, surveys, and ordinary

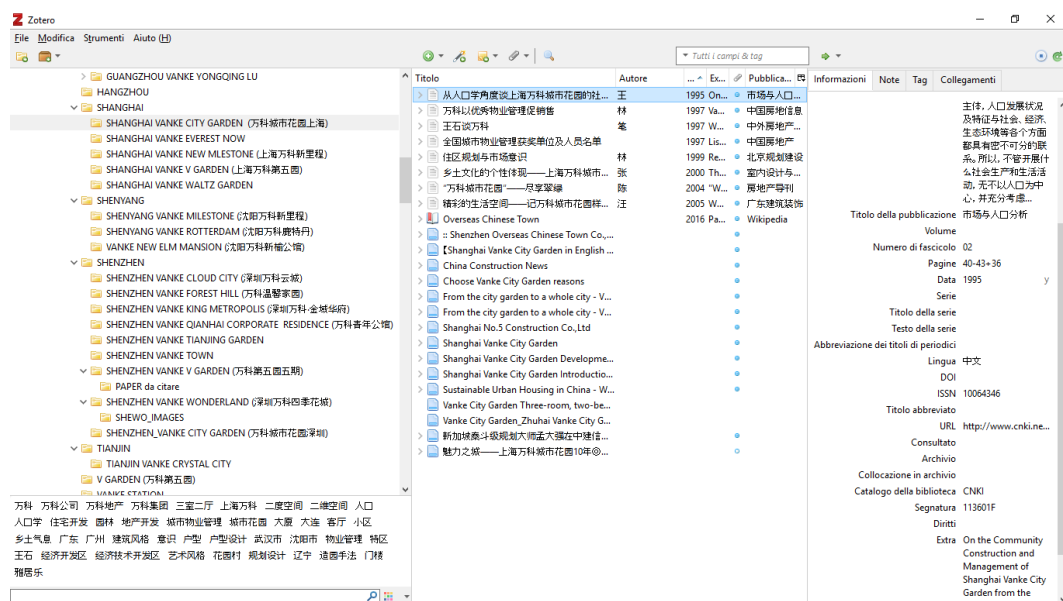


Figure 2.6: Main screen of the software Zootero 4.0.29, which shows the organization of sources on Vanke's projects case studies (Source: elaboration by the author).

selected because it adopted a strong internationalization process, thus granting the possibility for me to access some sources directly drafted in the English language. In any case, a more relevant general difficulty involves accessing specific archives in China, which is an impasse that affects both Western and Chinese scholars equally. Moreover, studying a private organization would pose the same problem of archive accessibility in many other contexts and countries.

All these matters drove me to collect and organize a multitude of documentary and oral sources that have never previously been emerged or systematized. Indeed, starting with the fact that historians may use archives or create their own (Smith, 2012, p. 9), my research work includes, above all, the production of a repository of documentary sources¹⁰ related to the analyzed case study that comprehends real estate advertisement, newspaper articles, company reports, and academic literature about the company, among other elements (see Table 2.1 for a comprehensive systematization of sources employed in this research). Indeed, following De Pieri, Bonomo, Caramellino, and Zanfi (2010, p. xxv), one aspect that inspired me to adopt a plurality of sources was my will to explore—and contribute a privileged object of study—the plurality of ways through which Vanke and its buildings were described and narrated during the time of housing market formation in China (1988 - 2016).

conversation is mediated by the Chinese language...so while a solid grasp of Chinese is definitely an advantage for doing research in China, it would be a mistake to think that even a native speaker's fluency guarantees a successful communication, or, for that sake, that insufficient Chinese language skills prevent you from conducting meaningful interviews."

10 Sources were collected and organized using Zootero 4.0.29, which allows the categorization of sources and their meta-data on multiple levels (Figure 2.6 and 2.7).

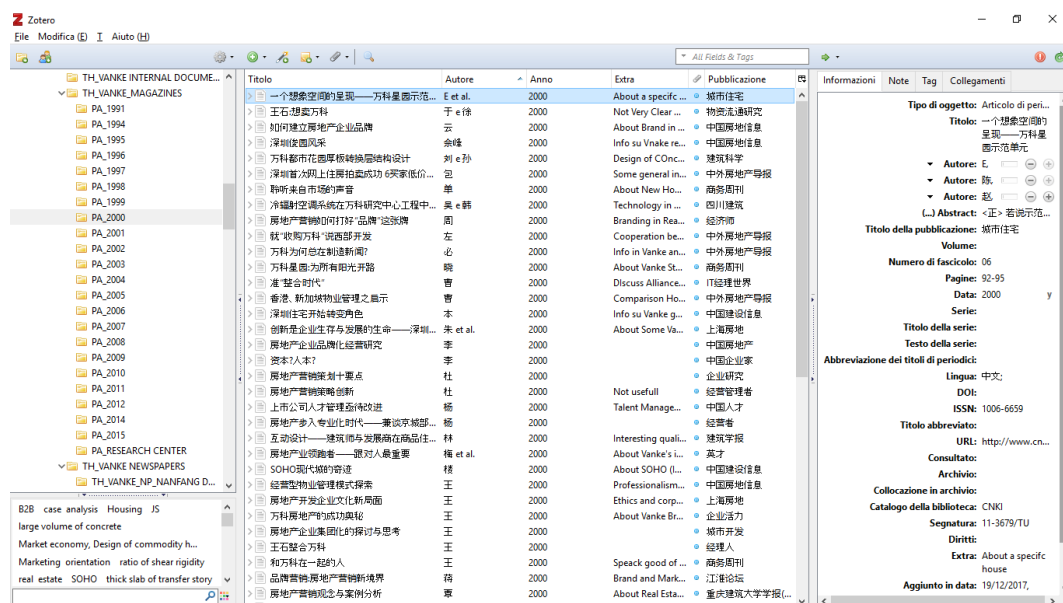


Figure 2.7: Main screen of the software Zootero 4.0.29, which shows the chronological organization of magazines articles about Vanke (Source: elaboration by the author).

Among this diversity of sources, previous literature concerning China's market development, statistical data, and different kinds of yearbooks¹¹ have been used to retrace general means of the context in which events occurred. Company reports¹² and financial statements provided solid information about the company's vision, economic performance, investment strategies, and general transformation over the years. Some additionally important primary sources were real estate advertisements widespread by Vanke to promote its real estate programs. Indeed, not only were these advertisement documents drafted during the course of the investigated time period that described single projects' narratives and branding strategies, but they have also provided a useful basis for the graphical reconstruction and formal analysis of houses' layouts. Finally, documents directly published by the company or its members must surely be considered. Among them, *Vanke Weekly*¹³—the company's cultural magazine, active from 1991—reveals important insights into the firm's dynamics. Another fundamental source of this research has been the book *The Vanke Way: Lessons on Driving Turbulent Change from a Global Real Estate Giant*, which is the autobiography of Vanke's founder and CEO (see Wang, 2017).

11 If the traditional collection of statistical data operated by Chinese governmental institutions suffered a period of scarcity during the Maoist era, the collection reinitiated during the 1980s, providing a fundamental means of demographic, economic, and social data (De Giorgi & Samarani, 2005). For the country's general data, visit <http://www.stats.gov.cn>. Otherwise, the CNKI database contains a countless list of statistical and yearbook data divided by topic, city, and region at <http://epub.cnki.net>

12 Vanke's annual and interim reports are published at <http://quicktake.morningstar.com/stocknet/secdocuments.aspx?symbol=000002&country=chn>

13 Vanke's magazine articles, reported every week by its employees, are available at <http://www.vankeweekly.com/magazines/>

Another multitude of documentary sources, not directly produced by Vanke, surely served as fundamental references for my research, firstly including international academic papers and books that use Vanke as a principal case study for their investigations (see, e.g., Liu & Ying, 2009; Wang, Wang, & Li, 2007; Xie et al., 2016; Zhai, Reed, & Mills, 2014; Zhang & Wang, 2016) and secondly including Chinese periodicals and newspapers ranging in year that were acquired from the CNKI database.¹⁴ These documents are not only repositories of important historical data and facts, but they may also reveal the perspectives of a multitude of actors who talked about the company, and its housing projects, during the entire analyzed period of time.

In order to accommodate the lack of documentary sources for the Vanke housing projects' analysis, another important data collection was conducted during a long period of fieldwork in China's first-tier cities. In the course of extensive sojourns in Beijing, Guangzhou, Shanghai, and Shenzhen, my fieldwork relied on a combination of semi-structured interviews, participant observations, and documentary research. During the period between March 2016 and July 2018, I visited more than 25 housing estates, about half of which were owned and developed by Vanke and were primarily situated in first-tier cities, thus indeed representing my preferred field of investigation. During my visits, accompanied by a Chinese-speaking assistant, I held informal discussions with private community services' staff members, sales agents, security guards, and residents living in those communities. On many occasions, I also pretended to be a possible house buyer,¹⁵ which allowed me access to homes' interiors to subsequently understand many of their features and witness some mechanisms involved in their sale. I documented my visits with pictures and sketches and collected documentary materials retrieved in the field, such as service booklets, sales brochures (*luoshu*), and other informative devices.

The material culture of a company that comprehends products, artifacts, and buildings, among other elements is thus another important source with which to investigate Vanke's development, as business historians have done in recent years (Fridenson, 2007, p. 11). In this regard, not only the company's housing projects that appear to be the most predictable are taken into consideration. The firm's headquarters, for example, were built in 2006 by the renowned architect Steven Holl as the first building to obtain a LEED Platinum certification in China, thus mirroring efforts the company made to internationally spread its corporate image of a green enterprise and strengthen its corporate real estate strategy. With this perspective, I visited Vanke's headquarters in Shenzhen and Vanke's Research and Development Center on Housing Industrialization in Dongguan on two occasions. At the latter facility, I had the opportunity to talk with the center's vice operational

14 CNKI is the official database of Chinese literature that includes academic journals, newspapers, patents, yearbooks, and statistical data, among other kinds of sources, available at <http://epub.cnki.net/>

15 Such fieldwork's techniques in Chinese gated communities are also largely applied by other scholars who rely on the anthropological and sociological fields of investigation (see, e.g., Zhang, 2010; Siu, 2005, pp. 72–93).

manager in addition to two researchers involved in housing engineering and design studies. Moreover, during my research period, I interviewed approximately ten employees from Vanke all involved in different fields of real estate development to understand their roles, reasonings, problems, and narratives.

Considering the fact that many sources employed in the research reflect the individual viewpoints of a multitude of actors, I tried to make use of the sources that frequently surpass their content, which involves adopting an approach that investigates and evaluates their production's modality and condition as important factors in the restitution of meaning (Olmo, 2013, p. 59). Indeed, documents are written for different purposes, for different audiences, and by different actors either immediately or long following the events described; considering these factors, documents must be both adjudged and interpreted (see Denzin, 1970, pp. 219–59). Table 2.1 explains for different groups of sources, the actors involved in their production as well as the audience to whom these sources are directed.

Moreover, the nature of these documents clarifies that they are an excellent transcription of the narratives that shape choices, actions, and outcomes involved in architectural production as another relevant issue in their interpretation. This factor not only reflects some recent trends claimed by business historians that “are urged to treat narratives as important subjects of study” (Popp & Fellman, 2017, p. 1242), but also follows a shift in the wider history field wherein historian and philosopher Paul Ricoeur (1984) emphasized that historical scholarship should be representative of past narratives transmitted by means of a new historical tale. All these factors assume a certain relevance and are motivated by the belief that the final research work cannot be separated from the type of historical knowledge we produce. In this sense, this work can provide an instrumental example for discussing a real estate firm's narratives as a preferential point of view for understanding and comprehending housing production and its meaning in a selected context.

Main sources for Vanke's history and projects' analysis

Document	Document's description	Source location
Statistical data	<ul style="list-style-type: none"> - Real Estate and other industries statistics - Demographic statistics 	<ul style="list-style-type: none"> - China Statistical yearbook (Guangzhou Library) - China Index Accademy (http://industry.fang.com/) - Central Gov. Websites (http://www.stats.gov.cn/english/, http://data.stats.gov.cn/easyquery.htm) - Local Gov. Websites (http://www.gzstats.gov.cn/, http://www.szjtj.gov.cn/)
Different Kind of Year Books	<ul style="list-style-type: none"> - They contains articles that reported description of main events and trends happened in different years, selected by geographical areas, industries or social fields. 	<ul style="list-style-type: none"> - CNKI Database (http://epub.cnki.net) - Local yearbook (Guangzhou Library)
Chinese newspapers' and magazines' articles	<ul style="list-style-type: none"> -They comprehend an heterogeneous set of essays that tell fact and opinion about China Vanke in different years. 	<ul style="list-style-type: none"> - CNKI Database (http://epub.cnki.net) - Newspapers' archive (Gungdong Library Sun Yat Sen University) - South China Daily (- People's Daily (www.people.cn) - Guangming Ribao (- Economic Daily (- PLA Daily (www.81.cn)
International newspaper's articles and academic papers	<ul style="list-style-type: none"> - Generally it refers to essays published in international newspapers and magazines. Authors can belong to different disciplinary fields. 	<ul style="list-style-type: none"> - Academic databases (Scopus, Pico etc.) - The Economist (https://www.economist.com/) - New York Times - Financial Times - China Daily
Vanke Company Reports (Financial Statement + business description)	<ul style="list-style-type: none"> - The reports, comprehend annual and quarterly report compiled by the company to inform the public (particularly shareholders) about its activity. - The financial statements is often compiled or reviewed by a third party (a consultant agency) and show the economic performance of the company during the year. The business description is often written in form of a letter made by the CEO of the company and addressed to the board of shareholders. 	<ul style="list-style-type: none"> - Morningstar database(http://quicktake.morningstar.com) - China Vanke official website(http://www.vanke.com/en/)
Real Estate Advertisement (Narrative + Drawings)	<ul style="list-style-type: none"> - They are general documents used by the company to promote its products. - Drawings of houses' plans are used to show dimensions and organization of home spaces to possible consumers. 	<ul style="list-style-type: none"> - Newspapers (Gungdong Library Archive in Sun Yat Sen University) - CNKI Database (http://epub.cnki.net) - Specialized websites - Official websites (https://life.vanke.com/) - WeChat Public account - Metro Stations (Personal collection of pictures) - Exhibition Centers
Vanke Weekly	<ul style="list-style-type: none"> - Vanke Weekly is a cultural magazine, created and published by Vanke. 	<ul style="list-style-type: none"> - Vanke weekly (archives of printed sources) (http://www.vankeweekly.com/magazines/) - Vanke weekly online magazine http://www.vankeweekly.com/
China Vanke Internal Documents	<ul style="list-style-type: none"> - They are documents used by the company to manage its business. They can be standards, written procedures, Business presentations etc. 	<ul style="list-style-type: none"> - Retrieved during interviews
China Vanke Publications	<ul style="list-style-type: none"> - Books or papers published by company's members, that include for example Wang Shi's Biography or illustrated books that shows Vanke's products. 	<ul style="list-style-type: none"> - Guangzhou Library - SCUT Library - Bookstores
China Vanke Official Websites	<ul style="list-style-type: none"> - They comprehend the official website of the company as well official websites of Vanke's branches. 	<ul style="list-style-type: none"> - Vanke official website(http://www.vanke.com/en/) - Vanke US official website (http://us.vanke.com/) - Vanke Partners' development website (http://pdc.vanke.com/) - Vanke Healthcare website (http://www.gzvankecare.com/about.aspx?tag=25&type=28)

Main sources for Vanke's history and projects' analysis		
Context of production		Use in the research
Producer	Audience	
- Statistical Agencies	- Specialized public of scholars and students	- General understanding of the context in which facts and events that regard the history of China Vanke are situated by the use of quantitative data.
- Governmental Agencies	- Specialized public of scholars and students	- General understanding of the context in which facts and events that regard the history of China Vanke are situated by the use of qualitative data. - Financial and operative informations of China Vanke.
- Professional Journalists - Academics - Vanke's professionals	- The general public, scholars and students	- To retrieve facts and events of China Vanke's history in different years. - To retrieve information and drawings of China Vanke's projects. - To understand the opinion of external professionals about China Vanke during the years.
- Professional Journalists - Academics	- Specialized public of scholars and students	- To retrieve a consolidated statement on knowledge of China Vanke in the scientific world. - To understand how China Vanke is perceived by professionals outside of China.
- Financial consultant agency	- Vanke's Shareholder	- To understand the financial evolution and performance of China Vanke. - To make a quantitative evaluation of China Vanke's investments and revenues by sector and geographical area during the years. - To retrieve most important operations and strategies of China Vanke during the years. - To understand the opinion of China Vanke's CEO on real estate industry in different years
- Vanke (Marketing sector/ Design sector) - Advertisement companies	- Possible consumers	- Drawings are essential bases for the reconstruction of apartments' layouts (Dimension, typologies, furnishing). - To understand main narratives (core values, design features, lifestyle promotion) used by the company to market its products.
- Vanke's employees - Vanke's Culture department	- Vanke's employees - Vanke's Customers	- To retrieve facts and events of China Vanke's history and products. - To understand which are the main topics debated by company's employees in different years
- Vanke (different departments)	- Vanke's different department - Partner companies	- To understand internal measures and policies adopted by China Vanke to drive business operations.
- Vanke (different actors)	- General and specialized public	- To understand how different actors talk publicly about China Vanke. - To retrieve main information about China Vanke's history (Wang Shi Biography).
- Vanke (Media department)	- General public	- To understand how China Vanke promote its corporate brand - To understand what are the services and products offered by China Vanke - To understand how China Vanke communicate and interact with its customers and suppliers

Chapter 3

The Case of China Vanke Co., Ltd: Introduction and Purposes

This section introduces China Vanke Co., Ltd. (hereafter, “Vanke”) by bringing into light some reasons and purposes for adopting the firm itself as this dissertation’s protagonist. The premise for selecting Vanke as a case study is important from a methodological point of view and because it prepares the reader for further pages on Vanke’s business history (Chapter 7) as well as sets the context for the critical discussions on the role of innovations and corporate brand identities in the definition of housing design (Chapters 4 and 5).

Moreover, the chapter aims to add some knowledge by roughly illustrating cases of some other developers in China from the perspective of their market power and business activities. The discussion is based on data obtained by Vanke as well as other developers’ company reports and official profiles included on their corporate websites, supplemented by some information retrieved from academic journals, newspapers and books.

In the next paragraph, I introduce Vanke’s foundation and describe its evolution before it entered the real estate market, thus setting the context in which it initiated its business operations. Thereafter, I discuss Vanke’s market power in relation to its competitors by exhibiting its leading position in the housing sector. Finally, I demonstrate both qualitatively and quantitatively the media’s attention received by both the company and its leaders over time, which fundamentally served as an important body of sources for my research.

3.1 The myth of the foundation: Vanke before real estate

Many pages in the autobiography of Wang Shi,¹ founder and key player of Vanke, are dedicated to describing the company's foundation and particular conditions.² In addition, the period of time (1984–1988) preceding Vanke's establishment as a real estate developer is indeed relevant for this dissertation.

During the early 1980s, few years after the establishment of the special economic zones (SEZs), Wang Shi was sent to Guangdong province to work at the Railroad Bureau's Fifth Section (Zhang & Alon, 2009, p. 178). Vanke's founder described himself as one of the first people who felt the enormous change that was occurring in the southern part of China and that later engulfed the entire country. Within the first pages of Wang's book, the reader may grasp the description of the facts that regard Wang and the company as well as their surrounding environment (cf. Wang, 2017, pp. 1–16). This description clarifies how the myth of Vanke's foundation and its subsequent historical narrative must be understood within the collective myth of the Shenzhen Special Economic Zone's foundation. Indeed, one should take into account that the formation of the SEZs, and Shenzhen among the others, has been one of the most important steps of China's modernization process. SEZs were the locations to establish new forms of cooperation with foreign countries as well as experiment different models of business management by introducing new capitals and technologies (Samarani, 2004, p. 303). As Wang Shi himself described, being present at that moment equated to being "chosen by fate" (Wang, 2017, p. 6).

Indeed, early in 1983, Wang Shi was sent to Shenzhen to lead a trading division under the state-owned enterprise Shenzhen Special Region Development Company, usually abbreviated and hereafter known as SD (Zhang & Alon, 2009, p. 179). The company was a spin-off of the party committee in charge of managing the newly born Shenzhen Special Economic Zone and approving all importing and exporting of goods from the mainland to Hong Kong (Useem et al., 2017, p. 202). SD was situated precisely at the core of Shenzhen's business fever, considering that one of the most prominent objectives of the SEZs was to generate investments by enhancing the production and circulation of commodities (Bach, 2017, p. 27).

Within this context, similar to many other enterprises in China, Vanke was established as a multi-goods trading business by Wang Shi in 1984 as a subsidiary branch of SD (Zhang & Alon, 2010, p. 121). Wang's business spirit was clear from the start; he noticed that many multinational animal feed companies in China were importing corn from the U.S. and Thailand rather than from domestic suppliers of whom he was aware. Thus, he persuaded officials at Guangzhou Marine Bureau

1 The autobiography of Vanke's founder was published in the English language by McGraw Hill Professional (see Wang, 2017).

2 For this purpose, properly associating the rise and fortune of a certain actor along the local condition in which its development occurred is not a new practice either in business or architectural history.

to open a new shipping route from Dalian in northeast China to Shenzhen. In this way, the SD set up an independent feed trade team with Wang Shi as its director to provide animal feed to its multinational clients (Wang, 2017, pp. 12–13). The newly born Shenzhen Vanke Co. Ltd.³ (hereafter “Shenzhen Vanke”) began trading other products, such as textiles, electronics, chemicals, and medical devices (Chen & Lin, 2015, p. 171)—or, as Wang Shi stated in Vanke’s biographical records, “whatever was profitable” (Wang, 2017, pp. 16). In this sense, Wang’s entrepreneurial spirit was perfectly in line with the reform of the industrial sector during 1984. The reform finally made enterprises responsible of their economic performance, thus also providing them with the possibility of holding some of their profits (Samarani, 2004, p. 305). The concept of modern and private enterprises was a completely new challenge and an inevitable trend for business development in China, and Shenzhen Vanke immediately became part of this wave.

Thereafter, in 1986, the Shenzhen government issued another important regulation that was not largely accepted by some party divisions, named *Provisional Regulation Aimed at Turning Large State-owned Enterprises in Shenzhen into Shareholding Companies*. Merely five enterprises country-wide were selected to execute this process, among whom was Shenzhen Vanke. In this manner, the company’s founder took advantage of the situation to gain independence and freedom from SD’s control (Wang, 2017, p. 35). In 1988, Shenzhen Vanke became a “public company” with Wang Shi as its chairman and general manager (Zhang & Alon, 2009, p. 179). From that moment, the government’s reduced stake (down to 60%) and the broadened shareholder mix allowed Vanke to diversify itself in areas such as printing, jewelry manufacturing, department store sales, film production, and electric power distribution. Later on, Shenzhen Vanke became the second-listed company in the newly established Shenzhen Stock Exchange. Additional specifications and evidence regarding these events are provided in Chapter 7.

As stated by Bach (2017, p. 31), many “firsts” should be attributed to both Shenzhen and Vanke in those years. However, most importantly, Shenzhen was not only the place where the first privatization of state-owned enterprises occurred or where the first stock exchange was born, but it was also the first place in China where a radical reform occurred during the commercialization of the land—by way of the first auction of land use rights—and its housing sector. As illustrated in paragraph 7.1.3, Shenzhen Vanke entered the residential real estate market in 1988, the same year that the first piece of land was auctioned in the Shenzhen Special Economic Zone in the People’s Republic of China (PRC) (O’Donnel, 2017, p. 45). These factors clarify that Vanke’s rise was strictly connected to the development of Shenzhen as a modern, urban space alongside the rapid development of the real estate industry in China in spatial, economic, and political terms.

Moreover, these novel characteristics, which are emphasized in other passages

3 This was the first name of the company, since its business was still localized in Shenzhen (Wang, 2017, p. 48). The name of the company would be changed in China Vanke as the company was expanding nation-wide.

of Vanke's history in Chapter 7, were inseparable from Shenzhen's role as an experimental place. Deng Xiaoping's meaning was clear when he asserted that Shenzhen served as a testing ground for the reforms before those reforms could later be expanded across the country (Bach, 2017, p. 29). Vanke contributed to this experiment in this sense and, to some extent, became part of the model and vehicle for practices that were later made standards in other parts of China.

On one hand, all these events are surely important means for evaluating Vanke and understanding the conditions of its further development into the real estate and housing sector, while on the other hand, they render Vanke a preferential subject that narrates the housing industry's history from the earliest origins of its foundation; this certainly represents one purpose for employing the company as a case study for my dissertation. Indeed, owing to this initial part of its history, Vanke may be considered a "first mover" into the Chinese commercial housing sector. Following Chandler's work (2005, pp. 3–40), within a given national economy, that small number of enterprises (called "first movers") that initially succeed in raising a comparable learning base subsequently become core companies in the establishment of a sustainable national industry.⁴ Following the same argument, those core companies emerged as preferential objects of study for the general understanding of an industry as a whole.

3.2 Standing out in the market: an overview of Vanke's competitors

Table 3.1 displays the sales volumes of the top ten Chinese developers in 2014⁵ and the property activities in which they are involved. Most of these core companies shaped the Chinese real estate industry at the end of the twentieth century, and to some extent, they persevered to dominate that industry throughout the entire period covered in this study. Indeed, of those multi-sectored core companies, all except Shimao Property and Evergrande Real Estate were Chinese first movers in the newly established real estate property development industry. Wanda Group, China Poly Group, Greenland Group, Country Garden, China Overseas Property, and Vanke established their initial real estate activities between 1988 and 1992.

Wanda Group, founded in 1988, has developed into a corporate group that

4 Following Chandler (2005, p. 9), "those relatively small number of enterprises define the evolving paths of learning in which the products of new technical knowledge are commercialized for widespread public consumption."

5 The year 2014 was chosen as this description's point of reference for two main reasons. Firstly, it coincides with the start of my interest in China's real estate industry, and secondly, the year represents a decisive turning point for China's real estate sector. Many factors should prove a fundamental change in the housing market from 2014, when a nationwide decrease in housing prices and sales became an inevitable trend (Cao, 2015, p. 98). Moreover, from 2014, many Chinese developers (including Vanke) started moving their property businesses abroad. These factors broke a sort of consolidated equilibrium in the business and economic performances of considered developers.

Name	Sales Volume (Billion RMB)	Foundation	Core property businesses				
			Residential	Commercial	Office	Industrial	Hospitality
China Vanke	174,06	1984	x				
Greenland Holding	162,53	1992	x		x	x	
Wanda Group	130,11	1988		x		x	x
Poly Real Estate Corp.	125,10	1992	x	x	x	x	x
China Overseas Property	117,00	1986	x		x		
Country Garden	109,73	1996	x		x		x
Evergrande Group	108,25	1996	x				x
China Resources Land	68,10	1994	x				
Shimao Property	67,07	2001	x	x		x	x
Greentown China	55,38	1995	x				

Table 3.1: Top ten Chinese property firms by sales revenues in 2014 (Source: elaboration by the author based on Cao [2015, p. 208] and on different companies' corporate websites).

operates in four major segments: commercial properties, luxury hotels, culture and tourism, and department stores. Particularly, the company created its reputation in the field of commercial properties, wherein it became one of the largest developers in the world. Its mainstream product, a well-known chain of shopping malls called “Wanda Plaza,” acquired a decisive reputation in China, and there are currently more than 130 Wanda Plaza locations spread across the country.⁶ Similar to Vanke, Wanda Group can count on the presence of a charismatic leader who Forbes named the richest man of China in 2016.⁷

Greenland Group, founded in 1992, made its fortune thanks to the rapid development of the Pudong area in Shanghai during the period after Deng Xiaoping's tour in the Yangtze Delta (in 1991). Through a two-pronged development method of both industrial and capital management, Greenland Group specialized in the areas of ultra-high-rise buildings, large urban complex projects, high-speed railway stations, business districts, and industrial park development.⁸

Differently from all the other mainland-based enterprises, the development of China Overseas Property Holdings can be traced back to its establishment in Hong Kong in 1986, when it supported and coordinated the real estate development of China Overseas Land & Investment Limited (COLI). Rising as a subsidiary of China Overseas Holdings Ltd. under the China State Construction Engineering

⁶ All information about Wanda Group was assumed from its official corporate profile, available at <https://www.wanda-group.com/history/>

⁷ Details can be found in Wang Jianlin's profile at <https://www.forbes.com/consent/?toURL=https://www.forbes.com/profile/wang-jianlin/?list=china-billionaires>

⁸ All information about Greenland Group was assumed from the official Greenland Group corporate profile, available at http://www.greenlandsc.com/en/About_jtjj.aspx

Corporation, China Overseas Property Holdings initiated its property management business in Mainland China in 1991.⁹

Similar to Vanke, the previously cited companies boast their success in the private sector;¹⁰ by contrast, China Poly Real Estate developed as a branch of the Poly Group Corporation, a widely known, large state-owned enterprise. Indeed, the group was set up on the basis of Poly Technologies, Inc. owing to the approval of the State Council, and some rumors assert that the company is still owned and managed by Deng Xiaoping's family. However, Poly Real Estate ascended to the top five China property developers in 2005, and it was listed in the Shanghai Stock Exchange in 2006.¹¹

It should be noted that these large real estate companies' property portfolios are much more differentiated than is Vanke's (see Table 3.1). Moreover, many of those companies also belong to large groups that invest in other industries, such as culture, finance, trade, and technology, among several others. On the contrary, in 2001, Vanke positioned itself as an entirely residential development and management company by following a strategic goal it had been pursuing since 1993 (see Chapter 7.2.1 for further specification). Country Garden is the only other of those enterprises to gain its reputation as a developer and operator of residential communities, even if its business is currently much more diversified and comprehends the development of fully serviced ecological and smart cities. In any case, despite the fact that the company was founded in 1992, its incredible success is quite recent and is partially due to its innovative financing, business model,¹² and expansion abroad.¹³ In 2016,

9 All information about China Overseas Property Holdings Ltd. was assumed from its official corporate profile, available at <http://www.copl.com.hk/category.aspx?NodeID=62>

10 The definition of the private enterprise in China is often blurred, and making such a clear distinction between companies that are completely privately held or not privately held should be difficult. However, according to Hannan (1998), for "public" or listed companies, shareholders' composition, provenience, and the control they can regain over their companies should account as one main factor affecting this distinction. Moreover, according to Zhang (2010, p. 18), "it is increasingly difficult and less meaningful to draw a distinction between the state and private entities" due to the fact that both operate according to the "private enterprise model" and as mere profit-making agents.

11 All information about Poly Real Estate Group was assumed from the company's official corporate profile, available at <http://www.polycn.com/business.aspx?type=15>

12 In the mid-2010s, Country Garden introduced a new corporate strategy based primarily on increasing risk and competition, which also inspired MBA around the world. High-level managers in Country Garden were provided with the possibility to become investment partners and largely increase their profits by taking on part of the investment risk. In other words, Country Garden established a sort of virtual bank to be used by local managers to invest in projects they evaluated as more successful. Information about Country Garden was mainly retrieved from two interviews I conducted in China between September and December 2017. The first interview was held with Wang Shifu, Professor of Urban Planning at the South China University of Technology, in my office at the South China University of Technology on October 10, 2017. The second interview was held with Yong Fang, Design Manager at Guangzhou Country Garden, at the city headquarters of Country Garden in Guangzhou on November 14, 2017.

13 A discussion of Chinese real estate enterprises in foreign countries is provided in paragraph 7.5.2.

Firms	Concentration of sales volume (%)			
	2014	2013	2012	2011
Top 10	17.45	13.27	12.76	10.67
Top 20	22.23	18.25	17.62	14.87
Top 50	28.63	25.35	24.56	20.75

Table 3.2: Market concentration of top Chinese real estate firms (Source: elaboration by the author based on Cao, 2015: 208 and CRIC).

Country Garden reached the first position in the ranking of top Chinese developers in terms of sales revenue.¹⁴

Subsequently, a rough overview presented in Table 3.2 points out an increasing concentration of market share in the hands of those larger firms within the Chinese real estate market. In 2014, the top fifty developers shared about 25% of the market, with the number increasing of the 50% respect to 2011 (Cao, 2015, p. 208). In 2014, the top twenty developers still shared about 18% of the market, with a rapid increase of concentration in the following years. Indeed, according to the *South China Morning Post*, the top twenty developers shared about 25.5% of the market in 2016¹⁵ (Zheng Yangpeng, 2017). Moreover, according to the Herfindahl index's analysis (see Appendix A), it is also possible to confirm that the Chinese real estate market featured a moderate concentration in 2016. Market concentration is thus an inevitable trend in China's real estate market because the largest firms can fulfill many advantages in financing, capital resources, land acquisition, marketing, and pricing power. This factor also poses some relevant implications for my research hypothesis. Indeed, most consolidated theories in international literature, from Schumpeter (1942) to Dasgupta and Stiglitz (1980), argue that large oligopolistic markets provide more incentives for companies to engage in R&D and promotion (marketing and branding).

Within this competitors' landscape, in 2014, Vanke remained the largest Chinese real estate developer in terms of sales volume, although its leading position can be traced back even further. After merely a few years of effort, Vanke gained a competitive advantage in the housing sector; the company was acknowledged as the largest residential developer in China in 1997 and the largest residential developer in the world in 2010. In 2014, Vanke shared around 4% of the real estate market, which is relatively high if the limitation of its core business is also considered. Indeed, it must be considered that Vanke's core business, for this research focus, has

¹⁴ All information about Country Garden Group was assumed from the company's official corporate profile, available at <https://en.bgy.com.cn/>

¹⁵ Due to the lack of official statistics, it is not possible to determine the various market shares for individual developers along the entire post-reform period in China. However, a qualitative estimation may be achieved by analyzing other large Chinese property companies' actual positions, main business activities, and development histories (cf. Table 3.1).

been restricted primarily to residential properties, while other competitors typically focus on a much more differentiated range of property businesses (see Table 3.1). For instance, Wanda Group, recorded as the third developer in China with a sales volume of 130 billion RMB in 2013, began exclusively focusing its business on commercial and reception properties. This factor provides that Vanke's share in the residential market should be slightly larger than that previously estimated in which the property market was considered as a whole.

Subsequently, Vanke's relative market power is another important precondition for this dissertation's following progress. Indeed, it should be assumed that the aforementioned powerful business organizations both developed and utilized productive resources to create new technologies and access new markets. Following this argument, Vanke's uncontested role as a leading company in the Chinese real estate industry—particularly in the housing sector—is thus another relevant consideration among two additional reasons that drove this property firm to become this study's protagonist. Firstly, it should be assumed that Vanke acted as a leader in the formation and transformation of the Chinese housing sectors during the post-reform era, thus making other competitors follow certain development paths—a fact that is partially proven at some point within this dissertation. Without excessive generalization, documenting Vanke in this sense becomes a method for partially documenting the Chinese housing industry as a whole or a way to point to some schematic shifts and general trends in the development of new designs, business models, and housing forms. Secondly, Vanke's economic success and the market's increasing concentration within its grasp may drive one to question what facilitates its competitive advantage and how such an advantage should be related to innovation, promotion, and design issues, all of which constitute this dissertation's core in Chapters 4 and 5.

3.3 Media attention paid to a real estate company and its charismatic leader

A deeper understanding of Vanke and its development during the time cannot exclude the evaluation of the company's efforts made to strengthen its promotion, obtain a strong regard from the media and academia, and create a mythical figure around its founder and general manager, Wang Shi. These facts are much more important if we consider them as explicit intentions of the company that “wanted to develop its own brand, in an industry in which the brand effect was quite limited” (Wang, 2017, p. 155).

The significant number of articles drawn up by the Chinese press during the time (from 1988 to 2016) should be thus accounted as a first indicator of the fame and relevance acquired by Vanke during China's market formation. According to the CNKI database, more than 8,000 articles have been published in academic and specialized journals as well as mass-distributed magazines in China with Vanke as their main subject of investigation. The attention given to the company in various sectors, ranging from architecture to business management, clearly demonstrates

Vanke's role in inspiring and influencing other real estate, design, and business practices in the country. In this regard, the Economist Intelligence Unit (EIU) white paper (2005) described Vanke's corporate image as a well-managed, new kind of company (*xinying qiye*)—"an example to other state owned enterprises of how to transform themselves" (EIU, 2005). At the same time, some evidence suggests that Vanke's projects have been additionally relevant in architectural and urban design debates regarding residential sector concerns. Indeed, publications of Vanke's properties in architecture and urban design magazines have been abundant. Nevertheless, Chapter 5 deeply explores how Vanke has been able to create an outstanding corporate brand through its housing architecture design. As a premise, suffice it to say that, in June 2005, Vanke was ratified as a famous trademark by the State Administration for Industry and Commerce, thenceforth becoming the first state-ratified, famous trademark in the Chinese real estate industry.¹⁶

While Vanke's corporate image has been attractive to other developers and enterprises, a broader consideration has been dispensed by mass media in China; more than 15,000 newspaper articles mentioning the name Vanke have been published from 2000 to today. On one hand, this huge body of literature should be interpreted as a preliminary material source that reveals how Vanke's operations and narratives have influenced and deepened the public and political debate in China (as is revealed in Chapter 7). On the other hand, this significant number of publications demonstrate that, within a broader public, Vanke has become widely known across China for its continuous success due to its leaders' capacity for facing and fulfilling economic, social, and political transformations (Zhang & Alon, 2009, p. 179).

Indeed, some of Vanke's media success developed precisely around the figure of the founder and chairman, Mr. Wang Shi, whose career clearly illustrates some of the most relevant twists and cycles of the Chinese market's historical formation and transformation. Wang Shi, the ultimate Chinese real estate tycoon, became a mythical domestic character among many Chinese professionals and entrepreneurs interested in understanding the secrets of his financial and personal success. Wang's fame and voice expanded across the country through several communication channels. Apart from the company's biography, Wang Shi expressed his opinions and ideas about Vanke, general trends in Chinese real estate, and several economic situations through his participation in various newspaper and specialized magazine publications (see, e.g., Wang, 1992, 1996, 1998, 2000a, 2000b, 2005, 2006). Moreover, many interviews that disclose Wang's visions and beliefs were written by scholars and reporters (e.g., Dong, 2002; Meng, 2000; Tang, 2009; Wei, 2005). Owing to the company's continuous success, Wang was also included on the list of the "20 Persons of the Past 20 Years of Reform and Opening-up,"¹⁷ and in 2000, he was named CCTV's¹⁸ "Economic Figure of the Year" in 2000.¹⁹ After some years,

16 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

17 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

18 The CCTV is the major and official TV broadcaster in China.

19 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>



Figure 3.1: Picture of Wang Shi, Founder and former director of Vanke (Source: Vanke panky, 2016).

Wang's fame was recognized outside China; in 2008, the *New York Times* stated that, "though virtually unknown in the West, the former People's Liberation Army soldier has become a hero in his homeland" (Larmer Brook, 2008).

The construction of Wang's figure and personality, however, did not exclusively rely on his professional career at Vanke; his biographical success was additionally facilitated by his temperament developed through actions and events of his mythical private life. On this matter, *The Economist* (2016) wrote, "Wang is not a man who gives up easily. As by, the chairman of Vanke, one of China's biggest property firms, cut his teeth in the People's Liberation Army and climbed Everest at the age of 52."²⁰ When bombers attacked the Boston marathon in 2013, Wang remained at the scene and posted dispatches on social media, and CCTV, China's official broadcaster, called him its "front-line correspondent" (Vanke Panky, 2016). Moreover, Wang's successor as CEO of Vanke, Yu Liang, has been no lesser leader; following Wang Shi's winning "Economic Figure of the Year" in 2000, Yu Liang won the same title on February 12, 2012, becoming the second Vanke leader to receive this honor.

Many additional aspects may be asserted about Vanke and its leaders, and the public attention paid to the company as a whole resulted in a monumental number of reachable sources and rendered the company a preferential case of investigation for my research. Furthermore, Vanke's line of work demonstrates its role in understanding, describing, and significantly influencing broader historical events that occurred both inside and outside the organization's boundaries.

²⁰ Wang Shi climbed to the top of Everest for the second time in seven years, beating the national record of "the oldest person that has ever reached the top of Mount Everest"—a record he previously created.

Chapter 4

Innovation in the housing market: The role of real estate firms

Although an extensive body of literature on real estate is based on pragmatic approaches that focus on property evaluation and appraisal methods, institutional analyses are becoming more frequently used in the field (e.g., Haley, 1991, 1992). In the Chinese context, many scholars, especially economists or planners, have focused on the Chinese real estate market from an institutional point of view. For instance, Wu, Xu, and Yeh (2007) discussed the role of the state and its institutional structure within the market system as well as their interrelated roles in the production of new urban spaces in China. This perspective is part of a new strand of research that debates the institutional structure and the definition of land and housing markets in China (e.g., Fung et al., 2010; Haila, 2007; Xie et al., 2011). Recently, Julian Albert Cao (2015) provided a more comprehensive analytical framework, based on the model of new institutional economics, which is helpful for classifying the institutional arrangements surrounding the real estate market in China. Similarly, Jinghan and Lin (2015) provided an introduction to the structure and roles of players acting in the Chinese real estate market using an agency role-based model. Many other authors have directed then their attention to various performance dimensions of the Chinese real estate market (e.g., Chen & Han, 2014; Li & Chand, 2013; Liang, Lu & Zhang, 2016; Wu, 2015; Yao, Luo, & Wang, 2014). However, few scholars have focused on China Vanke Co. Ltd., Poly Real Estate, Country Garden, or similar large groups. Chapter 3 of this dissertation has already highlighted that these are powerful organizations, most of which became entrenched during the early stages of market formation in China. Hence, it should be questioned whether the particularities and histories of those firms influenced the industry more broadly and consequently the products (housing projects in this case) and services they injected into the market. Moreover, apart from its performance in the Chinese housing market, the incredible

growth and profitability of a single company such as Vanke (see Chapter 3) raises questions about whether its innovation and design processes¹ allowed the company to gain such a competitive advantage. These questions are even more relevant in a fast-changing market, such as the one in China, which obviously demands rapid development of new products, services, and technologies—but which could be also extended to other contexts.

This question is not new in the field of economic studies. The role of the entrepreneur (or firm) in bringing innovations into a market has generally been at the center of evolutionary economics theories (see, e.g., Nelson, 1991; Nelson & Winter, 1982, Penrose, 1959) and historical business studies (see, e.g., Chandler, 1990; Chandler, Hagstrom, & Solvel, 2000; Jones & Zeitlin, 2007). However, in the architectural and housing field, this issue has not been considered extensively. Recalling Shumpeterian visions,² my study made use of a historically oriented case study approach to shed new light on this complex issue.

In the next paragraph, I briefly review the international literature on innovations and developers' individuality in the housing market. Subsequently, I introduce Chandler's concept of "dynamic firm," and I acknowledge how this perspective could be reasonably applied to real estate firms, such as Vanke. Finally, I discuss Vanke's innovative processes from 1988 to 2016, showing how different kinds of innovations were often related to others as well as to external market transformations and how they influenced Vanke's housing designs. Thereafter, the discussion of Vanke's innovations displays how the company accessed new markets and thus retained a competitive edge over its competitors.

4.1 Innovation and firms' role in the housing market: A literature review

The themes of housebuilding and housing market innovation have been at the center of the academic debate in several contexts. Given the fact that the development of large-scale residential projects typically requires a long pipeline of contractors and sub-contractors, the field of real estate and housing innovation is surely related to—and sometimes blurred with—the broader issue of innovation in the overall construction industry. There is an extensive body of literature on innovation in the construction industry, especially with regard to industrialized building methods (for a comprehensive review, see Fairweather, Lambert, Rinne, & Steel, 2009).

1 As will be further shown and explained in paragraph 4.2 (p. 62), these processes of innovation include the development of new products and services but also new methods of production, new sources of supply, new ways to organize business (business model innovation today), and the exploitation of new markets.

2 Recent interpretations of Shumpeter's theories have underlined that historically oriented and qualitative research are the most common approaches in studies investigating innovation in large firms (e.g., Fagerberg, 2004, p. 6).

Almost one hundred years ago, some academics, such as Albert Farwell Bemis, a professor of Architecture at MIT, considered the correlation between housing sector innovations and house design.³ In his masterpiece, *The Evolving House*, Bemis distinguished between innovations that are exploited in the construction of houses and direct innovation in the house building and real estate sector. The latter, he recognized, “remained a backward sector, dominated by small firms and ‘craft’ methods of production and unable to exploit the benefits of standardization and scale in terms of quality and price” (as cited in Putnam, 2004). More recently, Hooper and Nicol (1999), focusing on the design practices of large-scale developers in Britain, stated that innovation in the housing industry is more associated with “downstream suppliers” than with innovation in the construction and design process itself. Even from a design centered point of view, they argued that developers are more likely to roughly change adopted design standards than to create new ones (Hooper & Nicol, 2000).

However, Hooper and Nicol were part of a much broader class of scholars who focused on innovation in the homebuilding industry in Britain between the end of the 1990s and the early 2000s. While many previous studies concentrated on innovation in housing technologies, the work of some scholars in this period began to focus on UK housebuilding firms and their ability to introduce new products and processes into the industry. For example, Blackley and Shepard (1996) studied the determinants of the diffusion and adoption of technological innovation in the housing industry among 417 individual home building companies. From this quantitative study, they showed that the type of construction, firm size, and regional effects were key determinants of developers’ willingness to adopt innovations. In the same context, the work of two other scholars, Barlow and Ozaki, should be considered as particularly relevant in the field (see Barlow, 1999; Barlow & Ozaki, 2005; Barlow et al., 2003; Naim & Barlow, 2003). Indeed, through a comparison with other industries and contexts, they broadened the investigation of housing innovation to the study of developers’ business models and their attitudes towards meeting customers needs, enhancing service provision and creating brand loyalty (Barlow & Ozaki, 2003).

At the same time, compared with the dominant studies that considered the housebuilding market as a whole and thus focused on the general market conditions in which firms operate (see, e.g., Gibb, 1999; Nicol & Hooper, 1999), the innovation efforts of specific enterprises have been relatively under-researched. In the UK, Michael Ball (1999) was one of the first academics who recognized firms’ specific responses to market transformations. This research pathway has been further developed by authors such as Fred Wellings (2008) in his book *British House-builders: Histories and Analysis*. Wellings’ research, employing a historical business approach, provides a further in-depth investigation into the business models of single British house-builder firms.

3 The correlation between housing design and innovations in the housing industry has been selected as one of the main subjects of investigation in this chapter.

In America, Susan Fainstein's (2001) seminal work, *The City Builders*, more broadly cautioned the academic world about the key role of developers in featuring urban spaces and architectural designs. Following this stance, Koebel (2008) further highlighted the strong dependence of housing development on the technological innovations of house builders and thus argued that urban planners and designers should take this factor into consideration.

A similar position has also been researched and further developed in Australia, where Coiacetto (2001) analyzed and reviewed the literature about developers' behaviors and their implications for the built environment. The study attempted to classify, or at least to recognize, some developers' common attitudes by discussing how different decision-making strategies could have different effects on the built environment. More broadly, Coiacetto (2000, 2006, 2012) highlighted the gap between the influence attributed to developers and the way in which they are academically explored. According to Coiacetto, "Developers are acknowledged to be powerful and influential entrepreneurs but in the academic world their role has been overlooked and they have been often considered as an homogeneous group" (Coiacetto, 2012, p. 353).

However, most of these studies show that some characteristics of the housing industry, such as the singular and transitory nature of projects, the high involvement of contractors and sub-contractors, the complexity of the development process, and the volatility of the housing market, make the residential real estate industry particularly resistant to innovation processes (Ball, 1999). On the one hand, this factor provides a possible explanation for the relatively small number of academic studies on real estate innovation; on the other hand, it is unclear whether this statement is still valid within the specific conditions of the housing industry in some recently developing countries, such as China.

Indeed, despite the recent fast-paced development of the real estate and housing industries in Asian countries, particularly in China, the topic of innovation in those sectors is only partially explored. For example, Yusof and Shafiei (2010) used innovation readiness theory to identify factors that could influence private housing developers' willingness to implement the BTS system in Malaysia. Lim and Ofori (2007) provided a classification of real estate innovations in the Singaporean construction industry to help firms develop their own innovation strategies. The authors identified three classes of innovations strictly related to real estate practice: innovations that consumers are willing to pay for, innovations that reduce contractors' construction costs, and innovations that have intangible benefits, thus providing contractors with competitive advantage. Nevertheless, these approaches and findings are pragmatically directed to practitioners in the local construction industry, and they are hardly relevant in other contexts or broader theoretical considerations. Particularly, the Chinese real estate market reveals some structural differences. First, in China, developers and builders are usually two separate entities, which could necessitate different approaches and evaluations when studying those firms and their markets. Moreover, the Chinese housing market is newly emerging, as are the property developers that act in the industry. The market has experienced

an incredibly fast-paced transformation, mainly driven by different stages of state intervention (Wu, 2015), which gives the Chinese market its own particular history and features.

In this context, Liu and Gai (2009) looked at the relationship between technological innovations and market structure. They found that the concentration of top developers in China was originally quite low, but it rapidly increased, with positive effects on innovation. Similar results, but from a methodological perspective, have been presented by Kauko (2014), who connected innovation in real estate with evolutionary perspectives in economics. Subsequently, given the particular relevance of sustainable development in contemporary China, many studies on Chinese real estate and China's construction industry have examined innovation with a particular focus on green strategies and technologies (see, e.g., Rousseau & Chen, 2001; Wang, 2014; Zhu & Lin, 2004) or industrialized house construction methods (e.g., Zhang & Skitmore, 2012). Moreover, within Chinese research in the field of real estate and housing innovation, some recent studies on innovation have employed Vanke as a principal subject of investigation. These studies have highlighted some issues that could be considered relevant to obtaining a competitive edge in the Chinese real estate industry. Among them, Wang, Wang, and Li (2007) used Vanke to develop an analytical framework for recognizing business model innovations in China. Ah (2010) used the case of Vanke to underline the vital function of innovation in the property management sector, arguing that it should be an important component in the development of sustainable urban communities in China. Finally, a group of scholars (among them Liu & Ying, 2009; Shen & Li, 2008; Zhai, Reed, & Mills, 2014) have brought attention to the strategies and models of real estate enterprises for advancing housing industrialization and off-site prefabricated construction techniques. Even though these studies established an important background for my research (having underlined the main topics that characterized innovations in real estate and in construction industries in different contexts; having shown the importance of focusing on single real estate firms; and having already provided some specific insights on innovations in China through the analysis of Vanke), the relationship between a firm's innovation processes and housing design production in the emerging Chinese market still requires investigation.

4.2 A dynamic perspective on real estate companies

The previous literature clearly acknowledged the importance of investigating the role and the behavior of single real estate firms in housing design and innovation. Accordingly, what I am bringing to the discussion in this paragraph is that the novelties and changes in the housing spheres are neither merely ascribable to macro-external conditions nor solely to architects' inventions;⁴ rather, they are strongly

4 By introducing this concept, the aim is not to exclude or deny the role of architects into the design process of commercial houses rather to enhance the complementary role that real estate developers had in producing and transforming housing design in China.

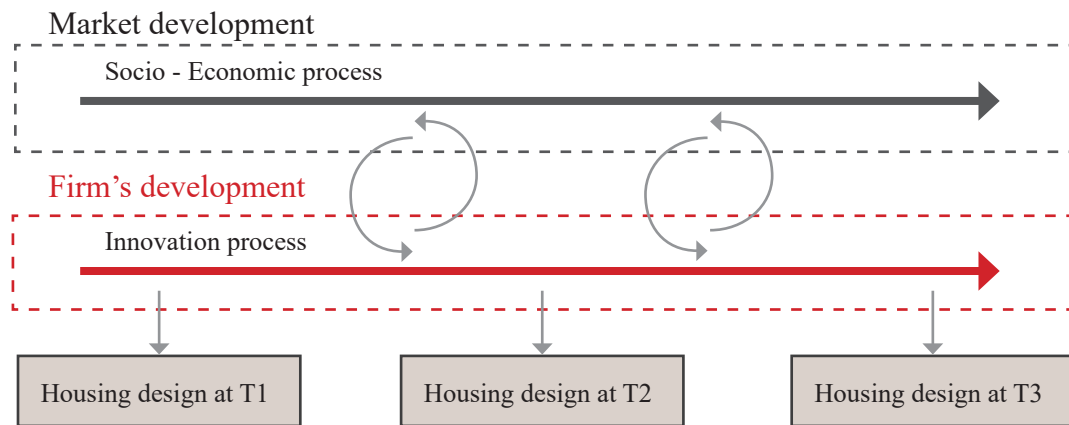


Figure 4.1: Diagrams explaining housing outcomes according to both market and single firms developments (Source: elaboration by the author).

related to single real estate firms' internal innovation processes⁵ (see Figure 4.1).

Through the lens of an already established tradition in the economic field, this places the “entrepreneur” at the center of the housing and architectural debate and thus highlights “innovation as the specific instrument of entrepreneurship” (Drucker, 1985, p. 30). In other words, this is a way to overcome the limits of many international studies on the Chinese housing and real estate industry, which emphasize the market context in which firms operate (Fung, Jeng, & Liu, 2010; Hui & Chan, 2014; Li & Chand, 2013; Wang & Xu, 2009; Wang & Zhang, 2014; Wang et al., 2012), by adopting a perspective that considers the internal processes and strategies of real estate firms as relevant agents in the restitution of housing explanatory causes. Indeed, Chinese real estate developers have too often been treated as a homogeneous group (e.g., Li et al., 2009; Ling, 1996; Xie, Yu, & Wu, 2011; Zhang, Li, Chen, & Li, 2016; Zhang, 2015) that operate in the housing industry only in economic terms. In contrast, my viewpoint suggests that real estate companies can respond differently to existing market contexts in terms of design, technology, and innovation, particularly if their dynamic attitude is taken into consideration. This suggests that real estate firms and housing development projects should not be evaluated in a static manner but rather through a historical lens that takes into consideration single firms' changes during the selected period of time.

More precisely, following Alfred D. Chandler's studies on dynamic firms⁶

⁵ It should be noted here that any new approach of designing, producing, or marketing can be called an innovation. However, according to Fagerberg (2003), there is a fundamental distinction between inventions and innovations and thus between the role and the skill of the innovator and the inventor. Innovations most often occur in firms, contrary to inventions, which could arise in other contexts, such as universities, craft studios, or other kind of organizations. Indeed, firms are usually the ones that, owing to their economic and managerial resources, are able to bring an invention to the innovation stage. Moreover, firms are also able to develop several complementary innovations, which could be required to turn inventions into innovations.

⁶ I do not want to strictly apply management theories on innovation to real estate and housebuilding industry, as this has already been proven to be a risky matter (Ball, 1999).

(see Chandler, 1966, 1990; Chandler, Hangstrom, & Solvel, 2000), my historical perspective on Vanke shows that, thanks to its dynamic attitude, even a real estate firm—and particularly a large group such as Vanke—is able to respond creatively to changes in the Chinese market environment.⁷ In turn, these industrial but also creative processes are able to generate innovations, which enable a company such as Vanke to inject new houses and management services into the market according to the inhabitants' needs (see Amatori & Jones, 2003, p. 16). This perspective is also in line with the meaning of innovation that resulted in developers' discourses both in China (e.g., in the case of Vanke) and elsewhere. In this regard, Fincher (2007) observed that “innovation, in their terms, is both the identification of new housing ‘needs’ and the satisfaction of those needs by provision of a new housing form.”

Moreover, an overview of firms' dynamics could help to provide an understanding of housing technology and design changes—at a firm level—as processes of growth, which are driven both by a firm's interim processes and local market transformations (cf. Chandler, 2007). In this sense, Vanke's history demonstrates that, most of the time, not only single architectural inventions but also innovations in the housing and the real estate sectors depend heavily on external means. As explained by Van de Ven et al. (1999, p. 149), “the innovation journey is a collective achievement which requires key roles from numerous entrepreneurs in both the private and public sectors.” In this sense, I aim to move beyond the body of literature that is overly focused on broader socio-economic factors and instead focus on single firms' strategies and design issues. Thus, the purpose of this study is to enhance the role of single real estate firms, together with their business networks, in developing innovative housing solutions that can easily respond to socio-economic and political transformations.

The innovative efforts of a single firm (Vanke in my case) can help us to understand that innovation “does not have to be technical, does not indeed have to be a thing altogether” (Drucker, 1985, p. 31), and a broader range of practices should be accounted as innovations. In this sense, housing design innovations are not merely ascribable to inventions and ideas from the sphere of design and architecture (and so the architects' practices). Instead, they may influence—or they may be influenced by—other kinds of innovations,⁸ such as new methods of production, new sources of supply, new ways to organize business (business model innovation today), and the exploitation of new markets.⁹

Finally, the historical analysis of Vanke, and particularly of some of its

7 As explained in Chapters 1 and 7, the Chinese real estate and housing market strongly evolved during the last four decades through a series of political actions and economic changes.

8 The interaction of different types of innovations and their influence on housing design is the subject of the next paragraph. Figure 4.2 shows Vanke's innovation processes during this period).

9 Joseph Schumpeter (1934) developed a taxonomy of innovation types in his famous masterpiece the *Theory of Economic Development* (as cited in Fagerberg, 2006, p. 6 and Nelson, 1991).

Year	Type of Innovation				
	Products/services	Production methods	Sources of supply	New business models	New markets
1991	Homeowner committee				
1992					High - end People
1993					
1994				Management of properties	
1995					
1996					
1997					
1998	Customer Club				
1999			P.D.C. System		
2000					
2001				Solely residential developer	"Ordinary" People
2002					
2003	Scenic Houses			Fully furnished houses	
2004			Overseas financing platform		
2005	V houses		Land through company acquisition	Costumer oriented strategy	
2006		Housing Industrialization			
2007	6+2 CRM		Standard rating system		Mid-Low income citizen
2008					Green Market
2009					
2010	Youth group housing				
2011				Urban Services Provider	
2012					Young low-income people
2013					
2014					

Figure 4.2: Resume of main Vanke's innovations during the years (Source: elaboration by the author).

narratives, shows that innovation in the housing development sphere has been claimed by some Chinese developers themselves as a relevant subject of interest because it could provide a company with an advantage over its competitors. Indeed, it is thus arguable that, through innovative processes, real estate companies are able to supply new housing projects that satisfy emerging demands or directly establish new markets (further evidence is provided in the following paragraph). Through this lens, even design and architectural novelties assume a different role and meaning. From this industrial perspective, housing design has to be re-interpreted as “the process resulting in a marketable product” (see König, 2007), and since these innovative projects aim at being highly differentiated, they can be successfully branded (see Chapter 5).

More specifically, based on the analysis of Vanke’s history and some of its housing projects, the next paragraph discusses how, by transforming technological and/or market conditions, Vanke might be able to differentiate itself from other firms in the industry and gain a sustained competitive advantage. In this regard, “innovations require learning about how to transform technologies and access markets in the ways that generate higher quality, lower cost products” (Lazonick, 1991, 2010). This perspective of Vanke as an “innovating firm” (Lazonick, 2006, 2013) thus aims at enhancing the role of a firm’s innovative processes, not only in sustaining economic growth but also in developing and transforming housing patterns within the Chinese housing industry. In other words, firms’ innovation processes can become another way to explain and recognize broader design changes in the real estate and commercial housing sphere.

4.3 Vanke’s products and service innovations from the perspective of an innovative enterprise

In an industry that is usually resistant to innovative processes (Koebel, 2011), the analysis of Vanke’s history and housing projects clearly reveals the company’s commitment to innovation in its business strategy and development as well as in its marketing and promotion.¹⁰

Previous studies acknowledge that, within the residential development industry, most discussions on innovation mainly focus on homebuilding firms, as “the builder

¹⁰ Many documents acknowledged Vanke’s commitment to innovation during these years. First, innovation was at the center of many discourses in Vanke’s company reports and presentations (see e.g., Vanke Annual Report, 2004, p. 8; 2005, p. 42; 2014, pp. 20–36; Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 129; Vanke Development History and Corporate Culture, 2017). Second, innovation efforts could be evaluated on the basis of the huge amount of patents registered by the company during these years (according to the CNKI database, more than 900 patents have been registered in China with the name applicant name of Vanke). Finally, to some extent, the foundation of the Vanke Research Center (万科建筑研究中心) could be treated as a material source showing Vanke’s devotion to innovation. For further specifications on Vanke’s first endeavors in the promotion of R&D and innovation, see paragraph 7.2.2.

makes key decisions about systems and products, as well as about assembly” (Koebel, 2008). Moreover, other researches, which deal with the examination of the modern home in different geographical and temporal contexts (e.g. Putnam, 2004), have already highlighted the relationship between industrial innovations—particularly in terms of design, construction and equipment—and the changes in housing practices and forms—thus related to inhabitants’ expectations, perceptions, and consequently modes of living.

Historically different housing demands, most of the times also driven by governmental actions and policies, have been also considered the drivers for innovative processes into the construction and affiliated industries, such as equipments, materials, production methods, or generally related technologies (Lucchini & Trippa, 2009, p.82). For instance, it should be mentioned the effects of the housing crises, which characterized European cities’ development first during the early 1920s and later during the years after the II world war; the demand for mass produced housing, in most of European countries, surely drove a multitude of architects, designers, inventors and entrepreneurs to explore and develop innovative solutions to move the culture of building closer to the factory production, which was characterizing manufacturing techniques in many other sectors. Prefabrication, encompassing the idea that houses could be made off-site and then simply assembled in situ, commanded the attention of the construction industry, which moved rapidly to develop new materials and construction techniques, over then completely prefabricated model homes (cf. Bergdoll, Christensen, Christensen, & Oshima, 2008, p. 13 -24). Over the past few years, another large impact on the development of innovative efforts into most advanced countries’ construction industries, has been instead driven by the rising concern and political (or technocratic) promotion of environmental and energy consumption issues. This brought many contractors, and their suppliers, to adapt materials and processes, as well to develop new products, in order to achieve greater environmental performances—on the basis of settled standards—and thus generate possibilities of achieving competitive advantage into the market (Pries & Janszen, 1995). However, within these historical circumstances, suppliers of materials and equipments have been usually accounted, by some existing academic literatures, as the main producers and promoters of innovative practices and products into the construction and real estate industries (cf. Miozzo & Dewick, 2002; Quigley, 1982).

Nevertheless, China’s structural conditions of market formation have been slightly different. It has been previously shown in Chapter 3 that this market recently shifted toward a concentration of large corporations, such as Vanke, which hire building companies for construction works. Subsequently, as those real estate firms control a large portion of housing production, management, and financing, they are also the firms that possess the capital and human resources to be relevant in the promotion and diffusion of innovations on a broader scale, thus probably making a large group, such as Vanke, a partially unique and strongly contemporary

phenomenon.¹¹ In this context, real estate developers, more than any other firms, are able to set the design characteristics of the housing supply on the basis of market demands, as well as they could be able to generate and convey new market demands. Large real estate groups, such as general contractors and builders in other contexts, play thus a mediator role in the interface between the organizations, which develop many of the new products and processes—such as materials and equipment producers, design consultants and trade contractors—and those which set the demands for these innovations—such as home buyers, policy makers and other industrial institutions (cf. Winch, 1998). However, in the Chinese context, since the developers and builders are not the same entity, the types of innovations that they are involved with should also vary, this respect to literatures which examined the relationship between innovation in the construction industries and design issues.

Vanke's innovation journey started in the property management sector. In 1991, the company introduced China the first “homeowner committee” in China (Wang Fei, 2011) (see paragraph 7.1.2), which gave rise to “a new property management model of combining the autonomy of home owners with professional service”.¹² To some extent, the establishment of the first homeowner committee by Vanke should be considered as a disruptive innovation since this new practice partially reshaped the industry, along with the Chinese City and society (on this, see the definition of Schumpeter, 1934 as cited in Hall, 1999). The Home Owner Association (HOA), introduced by Vanke, was later included and formalized in the first *Housing Management Regulation* issued by the Municipal Government of Shenzhen in 1994 (Wang, 2011; Yang, 2014). Vanke's innovation in property management surely contributed to city service privatization in China and the retreat of the state in urban governance (McKenzie, 2015). Moreover, by establishing a new role for real estate developers in the country, Vanke was a pioneer in the housing management industry,¹³ that suddenly drove the company to acquire strong brand loyalty¹⁴ (see Chapter 5). As usually happens with disruptive innovations, the novelties in property management introduced by Vanke led to the frenetic expansion of the firm and a subsequent period during which many incremental innovations were conceived under the new dominant field of innovation (Koebel, 2008). Indeed, some years later, Vanke became the first property management company in China to be internationally certified as ISO9002 as well as the first firm to manage properties created by other developers (see paragraph 7.1.2 for more information and evidence). As a consequence of its after-sales service improvement, in 1998,

11 For instance, in other context, the role of contemporary large contractors in the promotion of innovations, within their supply chains, has been highlighted by Miozzo and Dewick (2002).

12 This quote was retrieved from Vanke Memorabilia, available at <https://www.vanke.com/en/about.aspx?type=6>. For more detail and evidence of Vanke's first homeowner committee, see paragraph 7.1.2.

13 In 1992, Vanke established “Vanke Services,” a subsidiary company that was in charge of property management and urban services provision.

14 Historical records show that Vanke was inspired by the model of SONY, the Japanese appliance company, and it developed strong brand loyalty through its after-sales services (see paragraph 7.1.2 for further evidence).

Vanke introduced the first “Customer Club” in the People Republic of China.¹⁵ The “Club” has been reported by the Chinese media as an important approach that revolutionized the real estate industry in China. All previous cited events made Vanke quite different from other developers in China. The broader success of the company was initially based on the management and service provision of the properties it built, which surely encouraged the company to focus on the construction quality of its future properties. However, it is possible to argue that Vanke’s efforts in property management innovations have also had a broader influence on the definition of the Chinese City and its housing forms during the period of market formation in China. Since Vanke and other property developers adopted exclusive and innovative urban services to market their estates (Wu, 2004), especially in the suburbs, this strategy became crucial for gaining a competitive advantage on the real estate industry.¹⁶ At the same time, since this provision of services from private organizations was economically efficient, municipal governments strongly supported this practice, as it contributed to a reduction of public responsibilities and administrative costs (Zhang, 2002). Consequently, property management and development companies, such as Vanke, started to provide a variety of basic urban services that were typically the responsibility of local governments inside their estates,¹⁷ which is likely one of the main reasons for the dominance of super-blocks and gated communities in Chinese cities (Hendrikx & Wissink, 2017).

Meanwhile, Vanke began to develop professionalization in the housing development sector,¹⁸ and in the early 2000s, the company established the Vanke Architectural Research and Development Center (万科建筑研究中心) (Vanke Annual Report, 1999, p. 22), which became the R&D department of Vanke (see paragraph 7.2.2). While Vanke’s operational and geographical scale was rapidly rising,¹⁹ the firm was facing a new market (the mass market) and had to expand its housing portfolio as well. It is thus possible to document many times that Vanke claimed products innovations, which have occurred with the appearance of new sets of housing solutions. For instance the Shanghai Vanke City Garden project (上海万科城市花园) (see paragraph 6.1) featured an “open” planning design that has been described by Wang Shi as “unique” (Wang, 2017, p. 68). Some years later, the estate of Vanke Wonderland (深圳万科四季花城) in Shenzhen (see paragraph

15 The Vanke Customer Club was first introduced in the residential community of Shenzhen Vanke City Garden (深圳万科城市花园) (see paragraph 6.2). It is possible to access Vanke’s customer club at <http://www.cdvanke.com/>

16 In this regard, the case of Vanke is very exemplary. Many sources, in different time periods, acknowledge the importance Vanke gave to management services within its public discourses (see e.g., Li Wancai, 1997; Tao Min, 2006; Wang Shi, 2003; Xu Junda, 1997).

17 In the end, this practice resulted in the new business model and strategic positioning of Vanke as an “urban service provider” (see paragraph 7.5.1).

18 From 1993 to 2001, Vanke was committed to rationalizing its business and product offerings, establishing a foundation for becoming a professional housing developer (see paragraph 7.2.1).

19 As the evidence reported in paragraph 7.3.2 shows, Vanke experienced tremendous geographical and economic growth between 2001 and 2014.

6.3) was one of the first gated communities in China to stress the design concept of “new urbanism” (Chen Fang, 2001; Yin Bin, 2000), which led the community to win the prestigious “China’s Harmonious Living Innovation Award” issued by the Chinese Ministry of Construction (The First Harmony China Habitat Innovation Award, 2007). Another exemplary case is the V Garden (万科第五园五期) project in Shenzhen. Its design concept of the “Original Modern Chinese-style Residential Property had gained wide recognition from customers and the market” (Vanke Annual Report, 2005, p. 42), particularly as it questioned not only stylistic features but also the density of the urban structure in the Chinese metropolis (see paragraph 7.2.2).

In this sense, innovative design solutions were promoted and provided on specific projects through the involvement of architectural firms that collaborated with Vanke. As noted by Jenkins and McLachlan (2010), this provided architects, who are often considered by developers as inefficient and expensive, with an important role in the mainstream housing sector, particularly when innovation is required for differentiation. However, this highlights another relevant purpose of real estate developers, such as Vanke. Due to their financial and managerial resources, they are prominent agents that permit architects’ design inventions to be first realized and subsequently repeated and commercialized on a larger scale.

Indeed, based on successful practices, Vanke’s research team internally developed several types of housing solutions, which have been patented under the company’s name. These housing solutions, which included Scenic Houses (情景洋房)²⁰, V-houses (Small Apartments – 小户型住宅),²¹ and later youth groups’ housing (Very Small Apartments – 极小户型住宅),²² have been applied to several of Vanke’s projects.²³ For instance “Scenic Houses” (情景洋房), first applied to the Vanke Blue Mountain project in Guangzhou (广州万科蓝山), have been patented and later proposed for use in several other projects, such as Shenzhen Vanke King Metropolis (深圳万科金域华府) (see paragraph 6.5). The same is true of “Very Small Apartments,” (极小户型住宅) which, after some years of research and development, have been applied, for example, in the case of the Guangzhou Vanke Cloud City (广州万科云城) (see paragraph 6.8) (Figure 4.3).

Following the definition of Harty (2004), Vanke’s new housing designs are a good example of how these innovations are often “unbounded,” which means that “their effects of implementation spill over beyond a single, coherent sphere of influence, and the collaboration of many firms is required for successful implementation” (as

20 Vanke Architectural Research Center. (2002). P.R.C. Patent No. 02103734.5. Shenzhen, China: State Intellectual Property Office of the P.R.C.

21 China Vanke Co. Ltd. (2010). P.R.C. Patent No. 201020189551.4. Shenzhen, China: State Intellectual Property Office of the P.R.C.

22 China Vanke Co. Ltd. (2011). P.R.C. Patent No. 201120528100.3. Shenzhen, China: State Intellectual Property Office of the P.R.C.

23 Many of these products are registered patents of the company (see paragraph 7.2.2 for more details regarding Vanke’s registered patents).

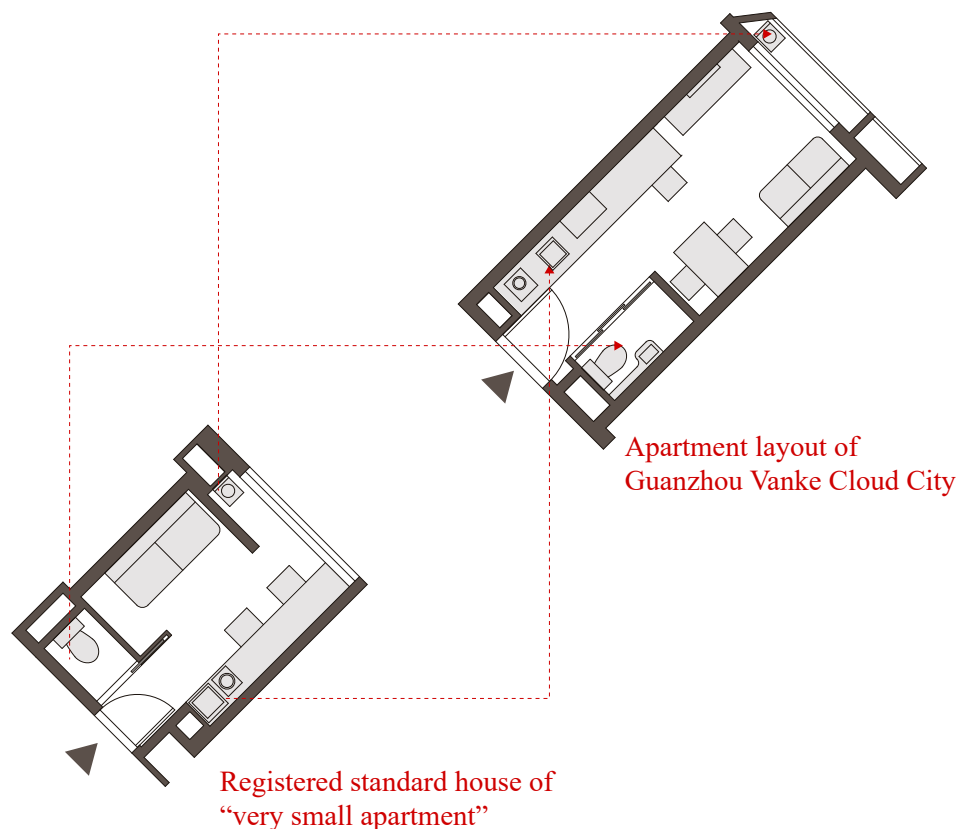


Figure 4.3: Application of standards elements of the patent “very small apartment” to the project of Guangzhou Vanke Cloud City (Source: elaboration by the author).

cited in Fairweather, Lambert, Rinne, & Steel, 2009). Indeed, in order to support project differentiation, a company is required to manage a large number of supply chains, which also have to be strongly standardized and organized (Barlow & Ozaki, 2003). Innovations for modernizing and rationalizing its supply chains were therefore a prerequisite for Vanke to implement and upgrade the new set of houses it was offering. Some process and business innovations would have gone under that way. First, in order to improve the efficiency of operations, Vanke developed a new E-Commerce procurement platform in 2001—the Vanke Joint Development Center (万科联合发展中心)²⁴—which rapidly became the unified procurement system for the People’s Republic of China (for more information, see paragraph 7.2.3). Second, Vanke also innovated its procedure for supplier selection. Since Vanke capitalized its learning capabilities, the firm’s technical know-how has been translated into a series of strict internal standards, which were used to select Vanke’s qualified suppliers (Xie at al., 2016). In this way, Vanke’s experience associated with its standardization efforts resulted in an effective innovation in process management, which was formalized as Vanke’s “Meteorite Action”.²⁵ Moreover, in order to

24 See Vanke Procurement Development Center Official platform, available at <http://pdc.vanke.com/Web/main/389/article/431/Default.htm>

25 It was Vanke’s system for controlling its business operations and supply management. The

exploit new market areas, Vanke innovated its business model, shifting from a project-oriented operation system to a customer value-oriented one (Vanke Annual Report, 2005, p. 8). Along this same line, the company started to manage its designs based on its customers' different stages of life and characteristics (see paragraph 7.4.4). In 2004, Vanke developed and implemented its own Customer Relationship Management (CRM) system exclusively fitted for its property business, which was the first of its type in China (Vanke Annual Report, 2004, p. 35). Later, in 2011, Vanke's CRM was formalized as the "6+2 CRM",²⁶ and it was officially registered by the National Copyright Administration (Vanke CSR Report, 2014, p. 26).

Thereafter, Vanke's innovation came in other aspects of its business model. Paragraph 7.4.1 shows that Vanke was a leader in innovative financing and land bank accumulation strategies. During the mid-2000s, Vanke began to strengthen its partnership agreements with other developers in China, acquiring its primary source (the land) at minor costs, most of the time in peripheral locations.²⁷ Moreover, given the new regulations imposed by macro-control policies, (see the introduction to paragraph 7.4), Vanke started to finance its projects using capital obtained through the rapid turnover of its operations.²⁸ Soon after, the innovations in its business model resulted in other strategic choices and innovations. First, in order to support communities' development into the fringe of Chinese cities, Vanke increase its property management support and thus started to position itself as a "comprehensive provider of urban services" (see paragraph 7.5.1). Second, in order to achieve rapid turnover, the company strongly focused on increasing the quality of its housing as well as the speed of development (see paragraphs 7.4.1 and 7.4.4), which led Vanke to strengthen its housing industrialization program. This required less project development time and resulted in major improvements in construction quality (see paragraph 7.4.3).

In the 2000s, another prodigious innovation in Vanke's business model and product offerings occurred. Differently from many other Chinese developers, Vanke began to provide wholly finished houses instead of rough units (Zhang & Alon, 2010, p. 121). This innovation was then largely accepted by the housing industry, and many other developers started to adopt the same method (Jia, Gosling, & Witzel, 2015, p. 172). By changing its business model in this way, Vanke was able to increase the quality of its housing offerings, sell them at a lower price, and

new plan aimed to increase the quality of Vanke's housing projects by developing an efficient system of quality management, which relied, at least in its earliest phase, on the selection of qualified suppliers that were able to adhere to Vanke's strict internal standards (see paragraph 7.3.3).

26 According to Jia, Gosling, and Witzel (2015, p. 172), Vanke developed its own CRM system based on the model of the American Housebuilding Company "Pulte Homes."

27 Usually, Chinese developers buy their land from municipal governments through public auctions.

28 Paragraph 7.4.1 explains that, unlike other developers, which focused on the value of land appreciation at that time, Vanke never relied on land accumulation. When government restrictions made it impossible for Vanke to raise funds from the stock market, the company started to finance its land acquisitions through the rapid sales of its properties (see evidence supporting this statement in paragraph 7.4.1).

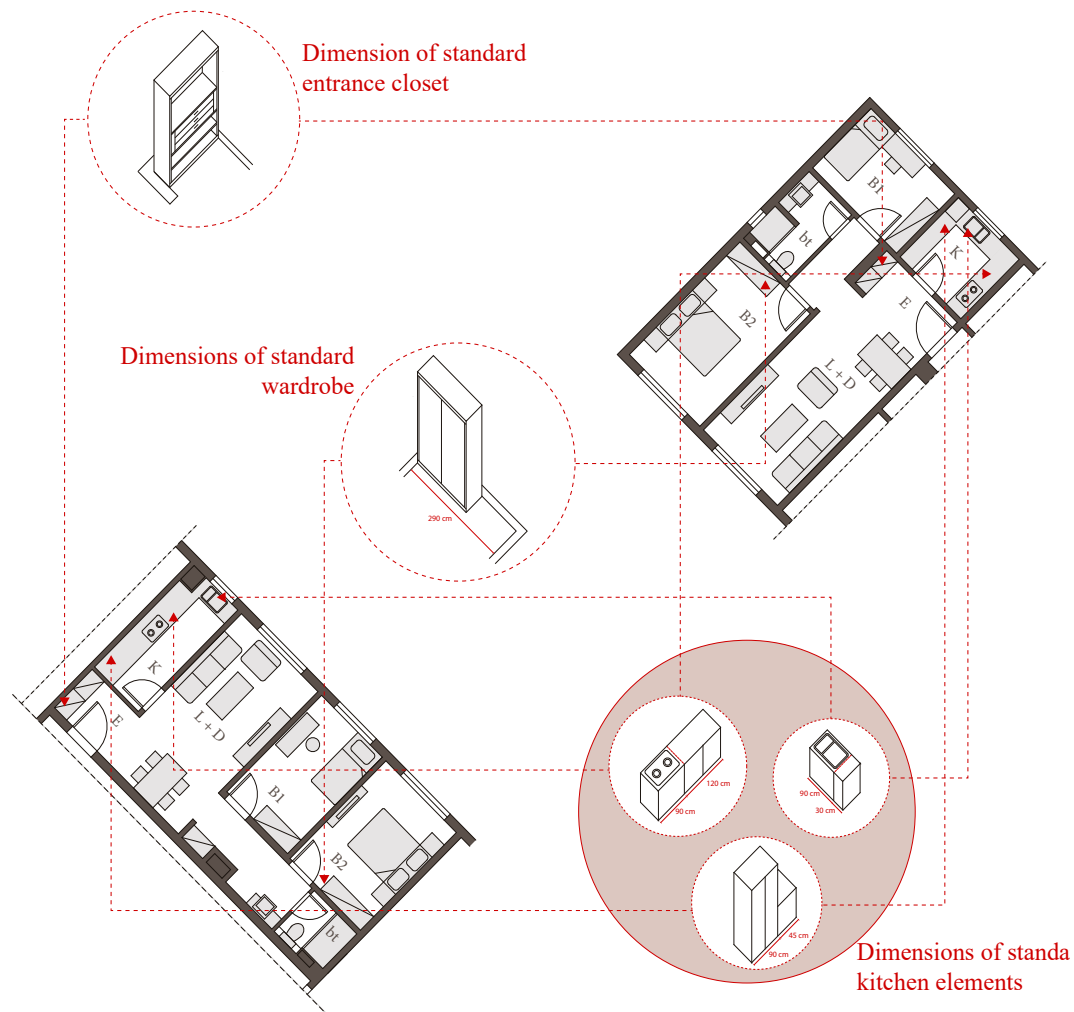


Figure 4.4: Influence of fully furnished houses strategy on houses design in the case of Beijing Vanke Holiday Town (Source: elaboration by the author).

achieve larger profits on every sold unit. Indeed, Vanke’s offering of fully decorated units reflects two notions, which, according to Lim and Ofori (2007), are useful “to evaluate newness in most industrial contexts: it provided the company with differentiation, and it enhanced its competitive advantage.”

Moreover, Vanke’s commitment to selling fully and finely decorated houses is another example of the interrelation between business model innovations, process innovations, and their influence on housing design. The innovation urged the company to develop new supply processes as well as to improve the standardization of its products and procedures. In 2003, Vanke developed internal standards to define the main characteristics and parameters of its housing production (Chu Xiaofeng, 2007). Later, in 2012, the company published a set of “Grading Standards for a Healthy Housing System,” which established Vanke’s standards for interiors and decorations (Vanke Annual Report, 2014) (see paragraph 7.4.2 for more details). From an architectural perspective, this forced apartment designs and their dimensions to be conceived and fitted not only on the basis of customers’ needs but also in relation to defined furniture and decorations (see Figure 4.4). It is possible

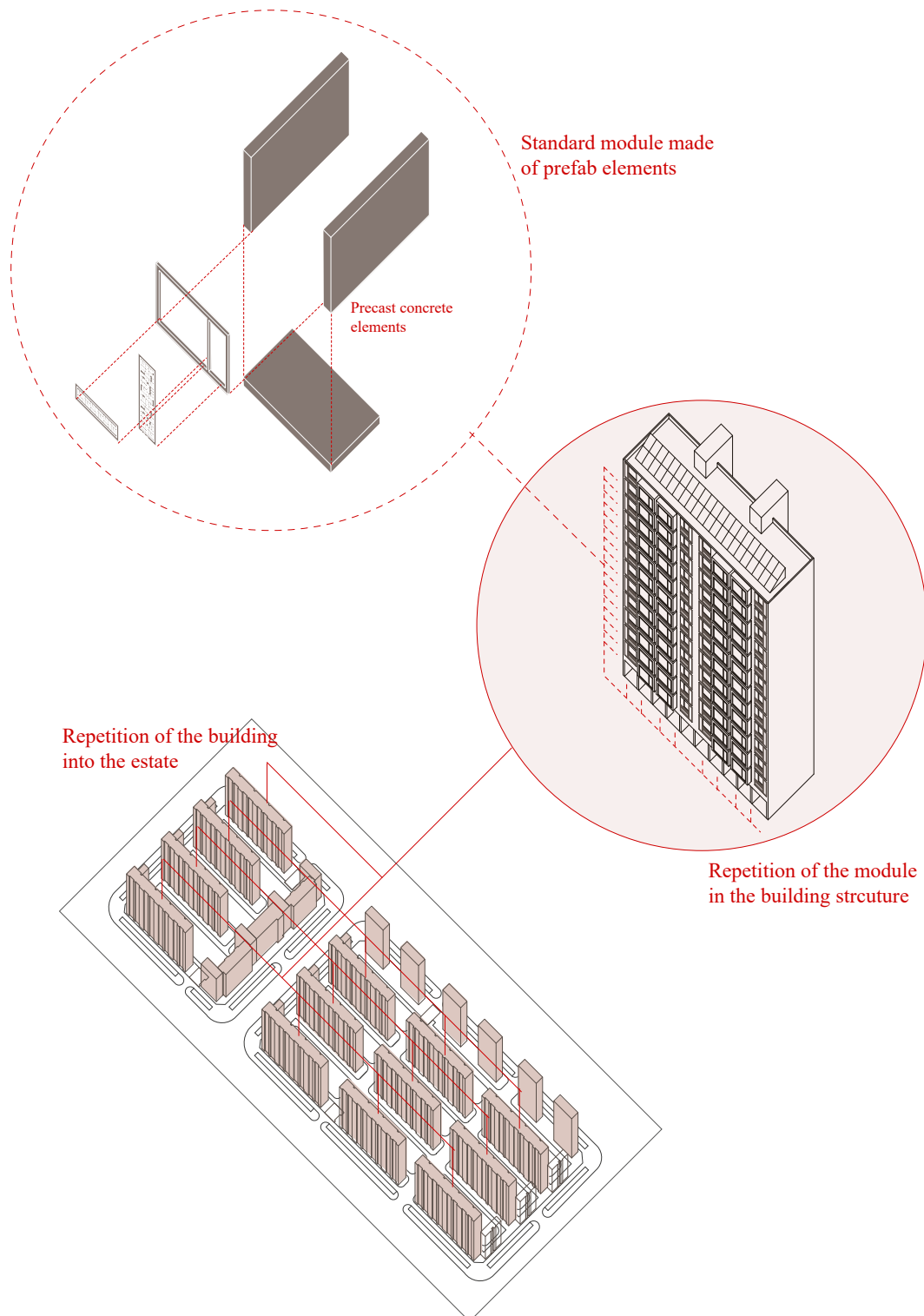


Figure 4.5: Influence of housing industrialization on housing design in the case of Beijing Vanke Holiday Town (Source: elaboration by the author).

to see this rationale in some of the case studies presented in Chapter 6. For instance, see the case of Beijing Vanke Holiday Town (北京万科中粮假日风景) in paragraph 6.6 and Guangzhou Vanke Cloud City (广州万科云城) in paragraph 6.8. However, further supporting evidence can be found, for example, in the book *Small Home, Bigger Lives* (2016), edited by Lu Wei (Director of the design department of Vanke for many years). Later, this innovative business model drove Vanke to strengthen its collaborations with its partners and suppliers and thus to develop standards and innovations for several home appliances and decoration elements, such as universal serial bus (USB) plugs, sanitary appliances, air filters, and door opening technology using cell phones²⁹ (Wang et al., 2007), which would later be exclusively adopted in its residential estates.

Thereafter, the history of Vanke shows that the company was further committed to innovating its method of production over the years. Because Vanke's operations were rapidly growing at the national level,³⁰ and given the advantages that it could obtain through the economy of scale, the organization started to develop new business strategies to improve the quality of its houses and reduce their costs. In the mid-2000s, Vanke invested substantial economic and human resources in research and development in the field of housing industrialization (see paragraph 7.4.3). Housing industrialization, within the boundaries of the Chinese real estate market, thus represents another disruptive innovation that was first introduced and promoted by Vanke.³¹ The shift from on-site construction techniques to building with modular standardized elements, which could be made off-site, fundamentally changed housing production in the early 2000s, both for Vanke and other Chinese enterprises. As usual, disruptive innovations often involve multiple complementary innovations (Christensen & Raynor, 2003), which “involve improvement in existing products that have relative advantages over previous method in efficiency, performance or cost” (as cited in Fairweather, Lambert, Rinne, & Steel, 2009). For example, Vanke started to patent single construction elements and other related technological novelties related to prefabrication housing development (for evidences on Vanke's new patents see paragraph 7.4.3). However, the process of housing industrialization displays that it was difficult for Vanke to participate in the diffusion and development of innovation on its own. This highlights the fact that developers are usually involved in innovations that strictly require the participation of other stakeholders, such as suppliers, designers, planners, and even politicians. For example, Vanke's technological innovations, together with Vanke's standards, were approved by the Chinese government in March 2015, and since then, all prefabricated construction projects in the country have been required to meet the national standards on housing industrialization introduced by Vanke (Xie et al., 2016). This demonstrates how the

29 Many of these products are technological innovations patented by Vanke (see paragraph 7.3.3).

30 In 2006, Vanke was operating in 15 cities in China and was committed to increasing that number (in 2014 Vanke had properties in 66 cities in China) (see evidence in paragraph 7.3.2).

31 The Vanke Housing Industrialization Research Center (万科建筑研究中心), inaugurated at the end of 2008, soon became the base for a “National Housing Industrialization Ground” (Vanke Housing Research Center, 2007).

legitimacy of housing industrialization, pioneered by Vanke, allowed the company to differentiate itself and gain a competitive edge in its industry. Moreover, through the concept of modular design, this type of innovation strongly influenced the design works of the architects in the projects where it has been adopted (see Figure 4.5). Vanke's buildings and houses were then conceived as a whole based on modular forms (entire parts of buildings) (e.g., in the project of Vanke Holiday Town (北京万科中粮假日风景) in paragraph 6.6) or singular housing and landscape elements (e.g., the project of Guanzhou Vanke Cloud City (广州万科云城) in paragraph 6.8), which can be easily fashioned in innovative ways.

However, most of previously cited innovative processes depict that during the time Vanke has integrated many resources and suppliers under its corporate name, thus diversifying and combining its services through economies of scale and scope (cf. Ball & Antonioni, 2003, pp. 11-35). In the last 40 years, Vanke gained national and then international relevance,³² through the promotion of innovations in different sectors, over which the company can regain a central control. Thus, this permits to evaluate Vanke's innovative efforts from the perspective of a corporate body, which retains strong strategic decision making potential over its subsidiaries, partners but also external suppliers (Ind, 1997). In this manner, Vanke's transformation during the time has to be considered not only in relation to the development of the Chinese housing sector, rather it has to be framed within a new global economic environment in which "innovative and inter-connected products are transforming competition as well as the value-chains of corporations" (cf. Gehani, 2016). In this sense, Vanke's historical path is thus representative of a global trend that contributed to an increasing relevance of corporate governance issues and that is shaping strategies of real estate enterprises worldwide (Kohl, Schäfers & Schulte, 2010, p. 240). Owing to its corporate governance structure and value, Vanke started to position itself as a strong corporate brand, thus able to promote ideas and social values which can drive innovative efforts among the industry as whole.³³ Indeed, according to Ind (1997, p. 2) what defines it as corporate is properly its cohesion: "the idea of people coming together and working towards a common goal."

At this purpose, a further consideration should be added here. Vanke's history, particularly from the point of view of innovation, depicts that the company was firstly visionary in establishing and promoting a Research & Development structure into the housing sector (cf. paragraph 7.2.2), however another transformational movement occurred during the second decade of the 21st century. During this period Vanke moved to structure itself as a user-centric corporate brand. Not only Vanke's strategic goals were re-oriented within the intention of being a customer oriented enterprise (cf. paragraph 7.4.4), but the company was further devoted to strength its abilities into the design of more competitive products and services that can "enrich

32 From 2001 to 2016, Vanke enlarged its business operations in 66 cities in China. Thereafter, in 2013, the company expanded worldwide, thus setting subsidiaries in the United States, United Kingdom and Singapore (cf. paragraph 7.3.2 and 7.5.2).

33 At this purpose, it should be mentioned the role of Vanke's CSR program (cf. paragraph 7.4.2).

the experience of its costumers”—considering also that this latter represents a timeless maxim in the contemporary corporate world. In this regard, Vanke’s management team forced itself to change and to be more engaged in architecture and design issues, rather than in merely managerial ones (cf. Wang, 2017, p. 158). This attitude was reflected not only in Vanke’s residential projects, but also into the material and immaterial infrastructures that serve to their sales. During the end of the 2000s, Vanke started to implement a series of concept stores and e-commerce platforms that encompass advanced technological artifacts and feature exceptional designs of renowned Chinese or international architects and designers.³⁴ Design issues, associated to home buyers experiences—both during the selling phase and the after sale one—became one of the new goals for Vanke’s market success. In this manner, the company was following a broader trend of global corporations around the world. Adopting a logical transposition,³⁵ from literatures which investigate corporate brand in other sectors (cf. Gehani, 2016; Morley, 2014), it is thus possible to argue that the structure of Vanke’s innovations was also shifting from a R&D driven to a design-driven one (cf. Isaacson, 2011, as cited in Gehani, 2016).

To conclude, from a broader perspective, the history of Vanke and the analysis of its projects demonstrate how the company, thanks to its previously cited innovation processes, was able to access several new sub-markets during the formation of the Chinese real estate market. Indeed, Vanke started its business with a major focus on the high-level consumer market, which required luxurious and fashionable products (for further explications and evidence, see paragraph 6.1, 6.2, and 7.2). On the one hand, the target was chosen by the company based on its internal capabilities; on the other hand, it was a general trend in the newly born Chinese residential real estate housing industry. During the 1990’s, larger and more luxurious residential units (upwards of 160 m²), featuring more complex spatial configurations and geometries, were favored by developers. Indeed they maximized their profits by building very large apartments and thereby reducing design, construction, and sales costs (Cao, 2015, p. 84). Initial projects of the company, such as the Vanke City Garden series (万科城市花园), clearly reflect this attitude (see paragraph 6.1 and 6.2). Vanke’s production at the time was clearly lowered, and high profits were easier to achieve in the upper-luxury market, in part because of the high demand in this market niche.

Thereafter, after 1998, when market conditions started to change, Vanke significantly modified its strategy and focused its business on “houses for ordinary

34 See for instance the office and art center called Wuxi Vanke designed by Kengo Kuma and Associates, the Vanke Future Town Demonstration Area designed by Continuation Studio, the Bayuquan Vanke Exhibition Center designed by Vector Architects or the Vanke Orange City Sales Center designed by Sunlay design group.

35 This transposition was possible properly owing to some assumptions and findings of this research, which aims at position and evaluate a real estate product, and its producer, as brands. Moreover, it has been also disclosed in a Vanke Company Report (2014, p. 6), that the company Vanke’s management team has made a great effort to learn from the Internet companies or leading corporate firms that have received much attention in the mobile Internet age.

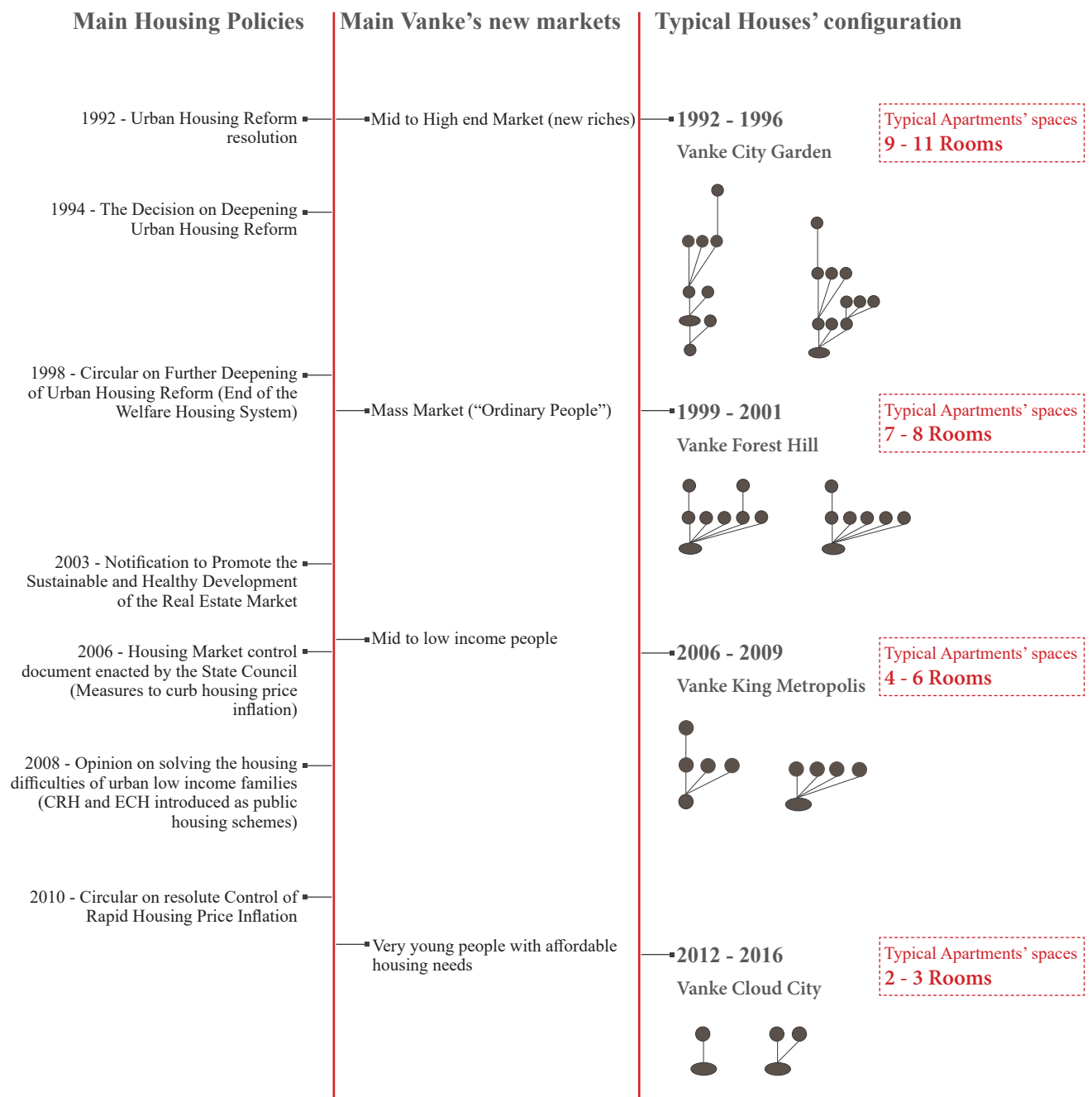


Figure 4.6: Resume of main governmental policies, Vanke's accesses to new markets and houses' configuration during the time (source: elaboration by the author).

people”³⁶ rather than targeting just the high end of the market. Indeed, in July 1998, the State Council enacted the *Circular on Further Deepening of Urban Housing*

36 This became one of the main slogans, as well as the brand positioning, adopted by the company from 1999 onwards (see paragraph 5.3.1). The narrative of “good housing for ordinary people” was adopted in several official documents issued by the company (see, e.g., Vanke Annual Reports, 2004, 2005, 2008, 2014, 2015; Vanke CSR Reports, 2010, 2011, 2012, 2014; Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 121; Wang, 2017, p. 146).

Reform (Cao, 2015, p. 87). The document definitively abolished the welfare housing system allocation for work units. In addition, the “financialization” of the Chinese housing sector had begun. Home mortgages became available for better-off households (Wang, 2001), significantly improving affordability for broader range of the Chinese urban population. As previously shown, Vanke made many innovations, both in its product offerings and business models (e.g., the Vanke Joint Procurement Development Center, the Vanke customer segmentation, and the Vanke CRM system), which supported the company’s entry into the new market (the mass market). As consequence, the projects of Shenzhen Vanke Wonderland (深圳万科四季花城) (paragraph 6.3) and Shenzhen Vanke Forest Hill (万科温馨家园) (paragraph 6.4), both of which took place from 1999 to 2003, reflect some paradigmatic changes in the structure and dimensions of new houses conceived for “ordinary people.” These new housing estates included a broader range of apartment sizes in order to accommodate the needs of families with different financial abilities. The smaller apartments had fewer bedrooms and, consequently, less space dedicated to distribution as well as minor rooms for extra services, such those dedicated to maids.

Some years later (during the mid-2000s), in order to adapt to the new macro-control measures imposed by the government³⁷ as well as to promote its own brand image (see paragraph 5.3.1), Vanke shifted its housing offerings to lower-income people, designing smaller units³⁸ that were already furnished and decorated (see the design features and dimensions of the houses in the Vanke Holiday Town (北京万科中粮假日风景) in paragraph 6.6 as well as in the high-rise apartments included in Shenzhen Vanke King Metropolis (深圳万科金域华府) in paragraph 6.5). These new apartments, based on standard layouts, such as the patent of Vanke Small Apartments (小户型住宅), were thus conceived to offer higher quality living environments to lower income social groups, exploiting the concepts of space saving and construction quality (made possible by Vanke’s strategic moves in housing industrialization, fully furnished houses, and industrial quality control). In certain cases, the transformation was more radical, leading to changes in housing typology from houses dedicated to traditional family structures to ones accommodating young couples without any children.

Moreover, as better explained in paragraph 7.4.2, after some years of innovative processes (particularly in housing industrialization and the provision

37 Macro-economic regulation and control was a defined period in the development of the Chinese real estate market. The period was characterized by direct intervention of the central government to curb housing inflation, which had developed into a major problem in most Chinese cities, particularly first-tier ones (Cao, 2015, p. 162). Those intervention were supported by some further policies such as the *Opinion on solving the housing difficulties of urban low income families* (through which CRH and ECH were introduced as public housing schemes), issued in 2008, and the *Circular on resolute Control of Rapid Housing Price Inflation* enacted in 2010 (see the introduction to paragraph 7.4 for more information).

38 According to the Vanke Annual Report (2011, p. 2), China Vanke commenced research on building smaller residential units in 2001. In 2010, close to 90 % of Vanke’s sold products were residential units smaller than 144 m².

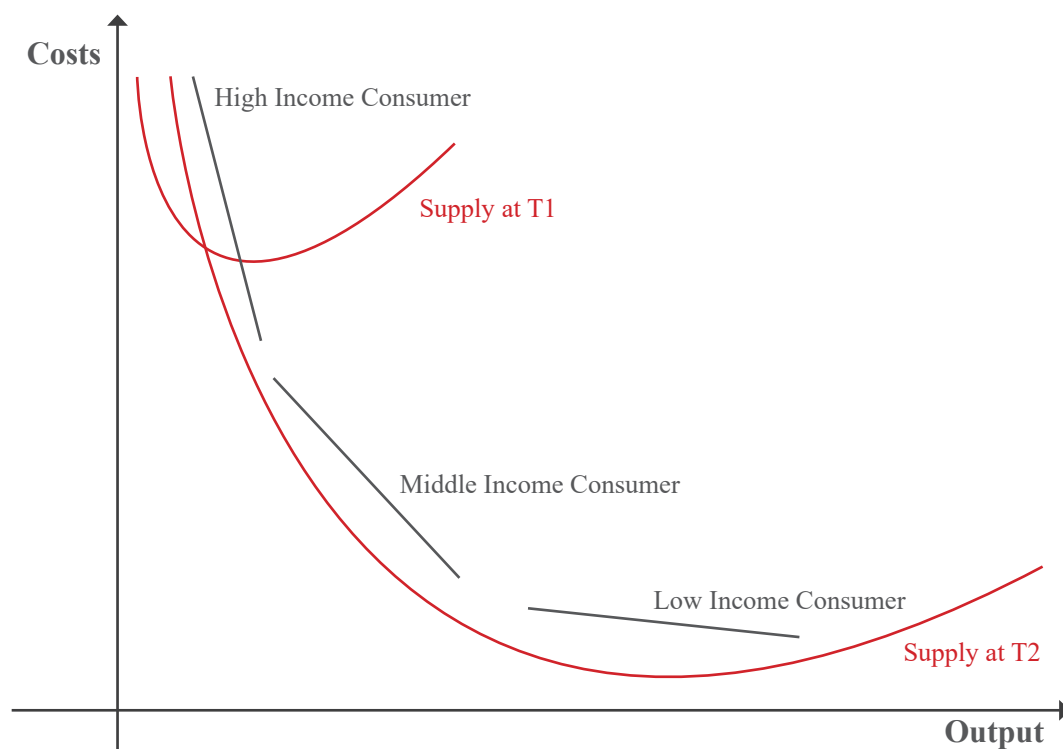


Figure 4.7: Evolution route of an innovative enterprise (source: elaboration by the author on the basis of Lazonick, 2013).

of fully furnished houses), Vanke was also one of the first developers to access the “green market” in China. In 2006, the company pioneered the market by developing the first three-star green certificated project in the country. In 2010, Vanke accounted for more than 50 % of the three-star green projects in China (Jia, Gosling, & Witzel, 2017). A good illustration of Vanke’s emphasis on the green market is the Guangzhou Vanke Groove (广州万科峯境) project, which is discussed in paragraph 6.7. Moreover, thanks to technological improvements supported by its industrialization strategy and innovative quality control methods, Vanke was able to formulate its own technical standards for green building procurement, which were also used to set the national ones (Zheng Li, 2010). Indeed, Vanke, similar to many other developers, recognized that such “green labels” differentiate its housing production and allow the company to charge higher prices for its units (Zheng, Wu, Kahn, & Deng, 2012).

Finally, according to Vanke Annual Report (2011, p. 2), the company also recognized that, during the second decade of the twenty-first century, young people comprised the mainstream floating population in first-tier Chinese cities. Among the new city migrants, the proportion of singles or young families with no children was increasing, thus suggesting an enormous market potential for ultra-small homes. Accordingly, Vanke completed research and development on ultra-small residential units with an area less than 20 sqm (Refer to Patent Very Small Apartments – 极小户型住宅) and commenced the construction of such new dwellings. An example of one such project is the Guangzhou Vanke Cloud City (广州万科云城), which is discussed in paragraph 6.8.

This brief overview of how Vanke accessed new sub-markets during the period of the Chinese market formation thus provides a way to understand how the design and the spatial configuration of these houses changed according to new demands, often based on socio-economic and political transformations, but also thanks to innovation processes advanced inside the organization. From this perspective, Vanke's transformation reflects an innovative firm that found a way to meet the new demands at this time thanks to considerable investments in innovation (Lazonick, 2006, 2013). Moreover, to some extent, Vanke's journey as an "innovative enterprise" can thus explain how the company made use of design and other types of innovations to develop higher quality products at lower costs,³⁹ which became the basis for its well-established brand (see Chapter 5).

4.4 Conclusions

The analysis of Vanke's innovative efforts attempted to show that a single real estate firm played an intrinsic role in providing housing innovations and thus housing changes during the formation of the Chinese housing market. Unlike historical housing analyses based on macro-economic and social changes, this chapter highlighted that housing changes, in a given context, may vary based on the intentions and decision-making strategies adopted by a single real estate firm seeking to gain a competitive advantage in the housing industry. This suggests that it is important to put more emphasis on the strategies and behaviors of private groups and organizations, how they interact within a certain political framework, and how they negotiate the construction of the built environment in a continuously unstable market. An individual company such as Vanke can be proactive or even visionary in terms of its strategic power in interpreting the market and providing new housing typologies.

Moreover, this chapter examined Vanke's strategies, business models, and innovations and how they have occurred in different market seasons. While Vanke's innovations as well as its access to new markets provide insights into some paradigmatic changes in the company's house layouts and features, they could also be extended to the Chinese housing market as a whole. In this regard, this chapter has shown that a historical view that considers the "dynamic attitude" of a real estate firm can increase our analytical perspective and add more variables to the way in which we understand and provide explanations for the physical forms of houses, their designs, and their positioning in a constantly changing market.

39 This is based on the theory of the innovative enterprise, developed by professor William Lazonick, which was conceived by Lazonick himself as one of the fundamental critics of the neoclassical theory of market economy. More specifically, the theory of the innovative enterprise addresses the arguments against the monopoly model and the theory of the optimizing firm, which were previously widely used and accepted by scholars in the field.

Chapter 5

The house as a brand

A specific aspect of the housing literature,¹ even when limited to urban housing, regards whether or not the house's complex nature is considered a good. Among this extensive body of literature, the discussion on the house's consideration and meaning, as well as the wide range of interaction between housing and other elements of the urban economy, politics, and social environment, is not new.²

The experience and meaning of “home”³ have been the focus of a debate, particularly in the field of the social sciences (e.g., Clapham, 2002, 2005, 2009; Depres, 1991; Somerville, 1997) and cultural studies (e.g., Rapoport, 1969, 1990, 2000). In this regard, probably goes without saying that contrasting interpretations, on housing assessment and evaluation, are made by several parties involved, such as the house occupier, design team, client and government (see e.g. Matthew Cousins, 2009, p. 3). Indeed, if many studies reference how the house is conceived by its

1 Housing studies have been framed as an autonomous academic field that inquires into the economic, cultural, social, and political aspects related to housing provision and design. Following Blunt and Dowling (2006), housing studies are a multi-disciplinary and multi-theoretical field of inquiry.

2 The magnitude of research on the home and housing implication concepts grew exponentially at the start of the 21st century. Special issues regarding the home started appearing in some academic journals, such as *Antipode*, *Cultural Geographies*, *Signs*, and *The Journal of Architecture*. At the same time, new journals solely devoted to the subject, such as *Home Cultures*, *Housing*, and *Theory and Society*, started appearing around the same time. Books such as *Ideal Homes* (Chapman & Hockey, 1999), *Housing Theory and Society* (Kemey, 1992), and *Home Possessions* (Miller, 2001) were also published during this time. According to Blunt and Dowling (2006), scholars from many different disciplines focused on understanding the home, each defining and analyzing the topic in a distinct way. This factor created a sort of confusion around the term “home” but also clarified the subject's complexity as well as how it could be effectively approached from a multitude of perspectives.

3 For a comprehensive review on the meaning of home see Mallet (2004).

owners or tenants, another aspect regards how the house is considered by other stakeholders who are engaged in its production and provision. In this framework, the way the house is conceived indeed poses many implications on politics and economics regarding the housing, real estate, and urban planning sector (e.g., Franklin, 2001, 2006). In this chapter, I introduce a discussion on the production, design, and symbolic value of commercial houses from the particular angle of their financiers and producers (real estate developers).

In the following paragraph, I exhibit the multitude of authors who underlined that the consumption and production of housing as a commodity should be considered a global phenomenon in countries that feature a neo-liberal market system (see, e.g., Doling, 1997). However, following Ronald (2008, 2009) and O’Callaghan (2017), I caution against an excessively broad generalization, as many factors around this theme should be evaluated to frame specific geographical and historical characteristics. Indeed, in line with Peggy Deamer (2013), the relationships between architectural production and economics is often related to a specific context precisely due to the mutable conditions of architecture as well as capitalism itself.

Given these preconditions, a case study approach—the main basis for the discussion proposed in this chapter—allows for a “specific examination” of the context in which architecture or housing is produced. Thus, while the investigation is primarily based on China Vanke Co., Ltd.’s specific micro-observation within the specific socio-economic conditions of China’s post-reform period, the whole chapter is broadly concerned with the issue of housing consideration and its theoretical approaches.

Moreover, with regard to the previous chapter that attempted to depict the role of China Vanke Co., Ltd (hereafter, “Vanke”) in housing development and innovation (see Chapter 4), what has now become questionable and analyzable is how this firm strove to regain control over housing sales and move beyond promoting and selling houses as commodities toward marketing “branded houses.”

After I review the concept of housing as a commodity to understand some of its implications in housing design and production, I introduce the concept of the house as a “brand.” Finally, by investigating Vanke, I demonstrate how the issue of the house as a “brand product” involves the fact that its promotion and consequent conception and design become a particular firm’s branding activity aimed toward differentiating itself from its competition.

5.1 Housing as a commodity: a literature review

Within the housing field, and particularly in bodies of literature focused on countries featuring transitional economies,⁴ many authors discuss how the house

4 This expression is used to describe those countries in which the economic system rapidly

may be conceived as a human right and consequently as a public service opposing a commodity.⁵ Within this dispute, China is an exemplary and largely explored case, particularly in recent history. From the early beginning of the reforms and during the comprehensive process that brought the country to establish a new neo-liberal market, China experienced a notable growth of homeownership⁶ (Li, 2017; Wu, 2001, 2010b). This growth rapidly converted dwellings into housing “properties” through the marketization of state-owned housing and market promotion through several housing policies (Wang & Murrie, 1996, 1999; Wang et al., 2012; Wu, 2013, 2015). The term “commodification” has recently been focused on in many studies on Chinese housing (see, e.g., Zhou & Logan, 1996) to describe the process that left the country to accommodate its housing needs within a newly and deliberately⁷ established neo-liberal market.

Commodification is a much broader concept that suggests “the process by which goods or services formerly outside a market enter a market, acquire exchange value, and are subsequently produced for profit or the movement of items’ or processes’ production and exchange into a monetized economy” (Nelson & Barley, 1997). In China, commodification appears to have become an idea that describes a changing attitude toward houses through the academic circle (see, e.g., He & Wu, 2009) as well as through a broader audience.⁸ This changing paradigm certainly cannot exclude the evaluation of its social effects, such as the subsequent rise of inequalities (Li, 2012a, 2012b; Logan, Bian, & Bian, 1999; Logan, Fang, & Zhang, 2009, 2010; Yi & Huang, 2012) and the creation of a consumption realm on housing, among many other effects. However, studies on housing demand and finance (e.g., Hui, 2001; Hui et al., 2012; Li, 2010, 2017; Li et al., 2013) have been predominant among recent empirical research related to the idea of the house as a commodity. Within this frame, buyers or renters of commodity houses become “customers” (Wong & Siu, 2011), thus allowing that their attitudes be studied in the form of housing satisfaction, preference, choice (Wu, 2010a; Tu, Li, & Qiu, 2016; Wang & Li, 2006), or homeownership, among other elements (Chen, Guo & Wang, 2017; Deng, Hoekstra, & Elsinga, 2016; Ho & Kwong, 2002; Li, 2017). Housing supply has received considerably minor attention, and empirical studies exploring the production and characteristics of commercial housing design and conception

changed from a centrally planned economy to a market economy.

5 It must be noted that the debate is exclusively restrained to a specialized academic circle. Many critical articles about the topic of housing as a commodity appeared, for instance, on popular Britain newspapers, such as *The Guardian* (see Butler, 2017; Farha, 2016; Foster, 2017).

6 According to Zhang (2010, p. 1), during the post-reform era, “China has changed from to predominantly public housing regime to a country with one of the highest private homeownership rates in the world.”

7 Many studies acknowledge that the Chinese government politically and directly supported the establishment of the new housing and land market in China (see, e.g., Fleicher, 2007; Tomba, 2009a; Wu, 2009; Wu, 2015).

8 The term “commodity housing” entered the academic and public discourses to identify commercial housing in contrast with “affordable housing” or “public housing” schemes (see, e.g., Chen et al., 2011; Feng et al., 2014; Li & Tang, 1998; Wu, 2015).

are surely limited.

Nevertheless, the topic of housing commodification is well researched in many alternative contexts, such as mature markets and other transitional socialist economies (see, e.g., Barlow & Duncan, 1994; Forrest & Murie, 1995). Moreover, housing commodification is merely a tile of a broader literature mass that debates the general commodification of spaces and their promotion within the rules of global and local markets. This literature includes topics such as the promotion and marketing of cities (Anholt, 2007, 2008; Kavaratzis & Kalandides, 2015) and urban places (Braun, Eshuis & Klijn, 2014; Vuignier, 2016; Wu, 2010a; Zukin, 2011). Hamilton (1999) should be acknowledged for recognizing the mass diffusion of commodified spaces in Central and Eastern Europe, thus incorporating changes in a space's perception, function, and value. Furthermore, the debate among housing as a commodity is not an exclusively recent issue; for instance, English economist Nicholas Barbon (1685) breached the subject in the late seventeenth century, and an implicit introduction on the theme has additionally been provided by philosopher Friedrich Engels (1872) in his masterpiece *The Housing Question*.

In the twentieth century, one major contribution within the debate was firstly provided by Forrest and Williams (1984) in their essay *The Commodification of Housing: Emergency Issues and Contradictions*. In the paper, the authors connect theoretical arguments at the center of a debate on the commodification processes with housing provision and related spheres of study. They conclude that the housing commodification concept is not a merely economic matter, as it provides important insights for understanding changes in social relations and spatial definitions.

Following the same wave, many scholars have investigated such transformations in several countries and contexts. For instance, Forrest (1983) explored the connections between mass home ownership and housing production and provision in Britain. He argued that meanings, attitudes, and material interests not only vary between different types of homeowners, but have been entirely reshaped and fundamentally transformed by both the restructuring of housing tenures and the commodification process. Drudy (2004) explored the challenge of housing as a commodity in the Irish market, clearly discussing the theme with reference to urban and social policies as well as the dichotomy between market efficiency and the relevance of social equity in housing provision. By looking more specifically at the inhabitant side, in this Japan case, Ronald (2008) investigates the consequences of commodification along the meanings of the house and homeownership. He argued that this factor “transformed the natural process of living a home into a mean of housing ‘consumption’ and also ‘investment.’” If all these studies set the political, social, and economic contexts permitting that houses be framed as a “consumption product,” then an investigation field exists on the supply side of these “market items.” Following this argument, the mass housing construction issue is thus another researched theme both within and outside the Chinese environment.

Among this body of literature, some authors attempt to compare the housing industry with other manufacturing processes, particularly within a broader frame

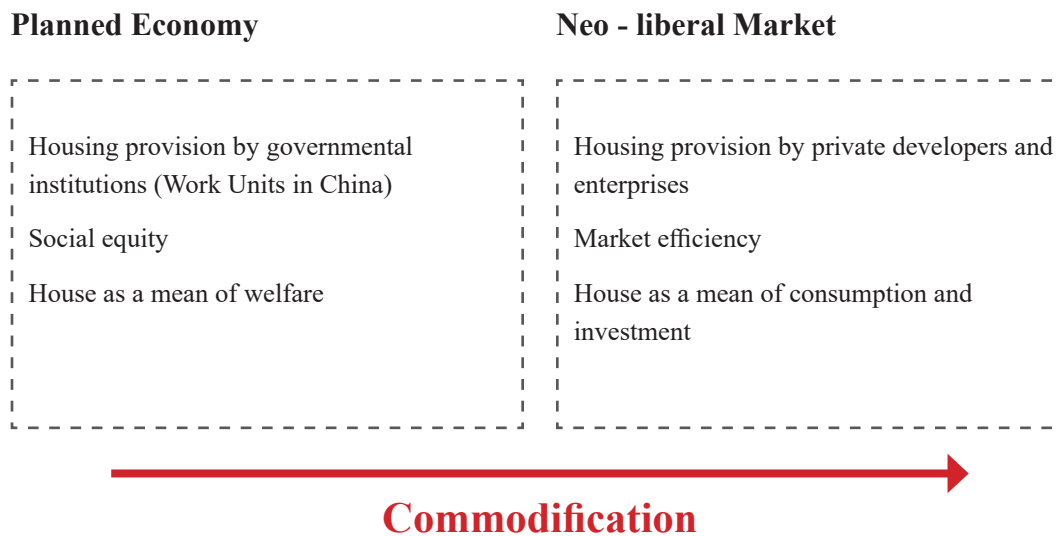


Figure 5.1: Resume of housing commodification process (source: elaboration by the author)

of investigation in industrialized housing production. Gann (1996), for instance, referenced the Japan case to discuss similarities and differences between industrialized housing and car production. In the same vein, Barlow et al. (2003) analyzed two Japanese big housing manufacturing firms to examine the house customization production process within the adoption of an industrialized construction process. In China, Liu and Xue (2016) focused on the critical factors of and challenges to housing design quality from the residential real estate developer perspective.

In Britain, some authors also discussed design issues, as they were concerned with enterprises working in the private housebuilding sector. Hooper and Nicol (1999, 2000) enriched the debate by executing the first empirical studies on the issue. Later on, Carmona, Carmona, and Gallent (2003) provided a more complete and explicit institutional analysis that focused on the private housebuilding development process's nature. This investigation permits that authors compare the social housing and private housing sectors from different perspectives.

Although some studies directed their attention toward the fringe of the architectural discipline, another body of literature reveals that commodification is a research theme already acknowledged by scholars and critics belonging to the architect field of inquiry. To be more precise, a broader idea of architecture commodification started being discussed near the end of the 1980s in Harvard, when Stephen Kieran argued that contemporary architecture depicts some formal traits that can be managed to set an identifiable position of an architectural artifact within the marketplace (as cited in O'Callaghan, 2017). Later on, the same author more deeply investigated the relationship between architecture as a commodity and mass production in his co-authored book *Re-fabricating Architecture: How Manufacturing Methodologies are Poised to Transform Building Constructions* (Kieran & Timberlake, 2004).

Later on, another insight into “the work of architecture in the age of

commodification”⁹ was provided by architectural historian and theorist Kenneth Frampton (2005), who particularly focused on architects’ practices, signatures, and media consensuses. Frampton’s thought is much more sophisticated than a mere understanding of the upfront media promotion of “star-architects.” He pointed out that, “in different ways architecture has become a brand in itself,” in this way claiming that even architecture firms are becoming more implicitly aware of the importance of developing their own corporate brand. Moreover, Frampton’s thought was no more than a mere introduction not only to the special issue of *Harvard Design Magazine*, “Commodification and Spectacle in Architecture,”¹⁰ edited by William Saunders, but also to the research work of many additional authors who focus on the role of international architects in marketplaces and urban regeneration practices (e.g., McNeill, 2009; Sklair, 2005, 2006; Kloosterman, 2012). However, according to Ponzini (2014), many of those latter have often focused on “the characteristics, strategies and the role of international architectural studios in urban matters,” while the supply side (that of developers and other stakeholders) is surely less researched. In this regard, the author has deepened the topic, arguing that the economic dimension is not sufficient for explaining the involvement of the star-architect in marketing and branding real estate operations, while a broader set of factors, such as political, cultural, and symbolic dimensions, demand greater consideration in academic circles.

Moreover, if all those studies often critically analyzed the involvement of the so-called “star-architects” in exceptional and often iconic urban development practices, a few researchers have very recently concentrated on architects’ engagement within the mainstream private housing development sector and its market logics. For instance, Jenkins and McLachlan (2010) provided a discussion about architects’ role, wherein they argued for different design conceptions and value propositions between architects and real estate developers. O’Callaghan (2017) employed a micro-view approach by focusing on a single Australian homebuilding enterprise to examine the role of architects as cultural intermediaries who facilitate the identification process between a real estate firm and its target customers.

To conclude, previous literature explains that houses have been implicitly and explicitly discussed as market items (commodities) and industrial products from various economic, political, managerial, and design perspectives. Moreover, the architectural design work has been framed as a commodity within its conception, inserted in the marketplace both in economic and other terms.¹¹ However, it seems

9 This is the title of the essay written by Kenneth Frampton (2005) that firstly appeared in *Harvard Design Magazine*.

10 The special issue was published in the book *Commodification and Spectacle in Architecture: A Harvard Design Magazine Reader*, edited by Saunders (2005).

11 For this purpose, it should also be mentioned that, even if a multitude of studies have already underlined that architecture is often strictly connected with the market in economic terms, this relationship is much more complex and articulated. For instance, the book *Economy and Architecture*, edited by Odgers, McVicar, and Kite (2015), acknowledges that there is no unique, universal understanding of the term “economy” itself, which would reduce architecture to a simple

an empirical discussion that tries to connect housing conception by comprehending both its architecture and meaning with the enterprise that promotes its construction and sales nonetheless remains missing—and this with a particular reference to the international literature that investigates housing issues in China. Thus, starting from the assumption that commodities and products—while they enter a market system—are now functionally shaped and valued by their producers to their sales and marketability, the same may be partially valid regarding housing design.

5.2 From the house as a commodity to the house as a brand

Different from many studies on “commodity housing,” my study shifts the attention from housing consumption to real estate developers’ production and promotion practices. It has been previously acknowledged that many developers and house builders’ objectives “[are] to consider houses as commodities, in the same way of cars, clothes or other objects” (Booth, 1982). However, my historical study of Vanke aims to demonstrate that understanding houses exclusively as commodities is not sufficient; conversely, other relevant phenomena seem relevant within Chinese housing market development.¹² Firstly, if houses are simply considered commodities, they should all be more or less identical. Secondly, the competition within the housing market should occur exclusively in terms of either price and convenience or objective features (see Onkvisit & Shaw, 2004).

Following this line of argumentation, through Vanke’s lens, I argue that houses may be understood much more thoroughly as brands of a given enterprise rather than as generic commodities¹³—or, in this manner, that they have been shaped and described by those large Chinese real estate enterprises.¹⁴ Indeed, it is arguable that those real estate firms are devoted to firstly identifying aspects that make their home and housing estates unique, such as some combination of services, design features, and ways of life, and secondly cultivating them into full-fledged brands for marketing and promotion. This matter must be conceived of as a way for developers to overlook the infinite choices created by competition; identically to companies belonging to other industries, developers “look for ways to connect emotionally with customers, become irreplaceable, and create lifelong relationships” (Wheeler,

commodity that strictly follows market patterns. On the contrary, paraphrasing Peggy Deamer’s (2014) masterpiece *Architecture and Capitalism: 1845 to the Present*, the relationship between architecture and economy possesses a mutable nature that mirrors the unstable character of capitalism itself.

12 This observation is discussed in my dissertation exclusively in reference to the Vanke case. However, some clues suggest that this argument may be convincing even for other developers in China as well as worldwide.

13 According to Jones and Slater (2003), in the field of economic and brand management, an important distinction exists between a commodity and a brand. A commodity (a product) is something with a functional purpose, while a brand offers something in addition to its functional purpose (see Figure 5.2 for further explanation).

14 This discussion’s specific aim involves exposing this statement regarding Vanke’s specific point of view through the analysis of its history, housing projects, narratives, and discourses.

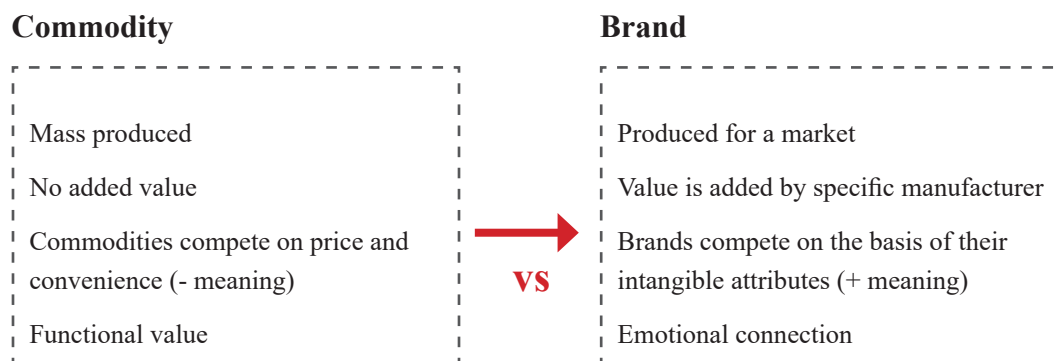


Figure 5.2: Resume of differences between commodities and brands (source: elaboration by the author)

2010).

Reasoning for the “brand home” concept aims to overcome institutional, analytical frameworks that dominate China’s housing and real estate research (see, e.g., Cao, 2015; Wu, 2007). This also involves questioning the body of literature that assumes housing market data are informative or neutral, while the idea of the “brand home” explains how they might be suggestive and relative to cultural contexts (or target markets) and enterprises’ specificities. In other words, the argument is that houses are not unbranded or undifferentiated products that are exclusively sold by square meters, but rather that the brand factor may be employed as a relevant aspect in commercial houses’ characterization and economics.¹⁵ This vision provides some new insights for understanding how enterprises in the residential real estate field can become more tailored to consumer niches and “compete on the basis of their ability to communicate who they are and for what they stand for” (Schultz, Hatch, & Larsen, 2000, as cited in Schroeder, Salzer-Mörling, & Askegaard, 2006, p. 9) through promotions as well as their residential projects’ urban and architectural designs.

By strictly analyzing the role of these organizations and deepening concepts such as branding and brand management,¹⁶ my perspective adds to a few previous studies mentioning the branding practice as it relates to residential real estate projects. Among them, Wu (2010a) focused on the supply side of commodity housing to study real estate developers’ narratives and branding strategies in the Chinese form of gated communities. However, within the essay, branding is considered in a light that does not acknowledge two issues I believe are relevant features of “brand homes.” First and foremost, the study fails to consider specificities and structural aspects

15 For instance, Pow and Kong’s (2007) study indicates that Vanke’s houses were considered more valuable in economic terms, particularly due to the developer’s reputation.

16 One of this chapter’s aims is to facilitate the discussion on houses’ conception, production, and design in the field of inquiry to study issues of companies’ branding strategies and management as well as the relationship between brands and culture. The literature in those fields is enormous, and some major references for my research include Aaker (1995, 2004, 2011), Anholt (2007), Balmer and Greyser (2003), Heding et al. (2009), Kapferer (2011), Kornberger (2010), Peverelli (2006), Schroeder et al. (2006), Schultz et al. (2000), and Wheeler (2009).

of different real estate companies,¹⁷ which pose many implications on housing production in that they facilitate a paradigm shift from a vision that understands commercial housing branding as a mere communication/marketing-driven activity to a more holistic approach of corporate branding that highlights brand-based strategies adopted to manage organizations as integral units (Schroeder et al., 2006; Shultz & Hatch, 2006). Following this line, the Vanke case demonstrates how brand management strategies, internal to a real estate company, provide further motivations for and characteristics of branding that are not strictly connected to the promotion of exceptional projects. Secondly, from a methodological point of view, Wu's (2010a) study, together with other studies that consider marketing and packaging strategies of the Chinese gated community (e.g., Pow, 2007; Wu, 2004; Wu & Webber, 2004) or that connect housing choices and promotion with lifestyles and consumption practices (Gold & Gold, 1990; Kriese & Scholz, 2012; Robertson & Doig, 2010; Zukin 1998, 2011; Åero, 2006), often focus on representations and narratives of places due to their imprinting on cultural studies and fail to associate houses' physical forms and structural attributes with those representations.

Retrieving evidence from its history and housing projects, the next paragraph explains how Vanke was committed to creating a strong corporate brand and developing a vision that drove the creation of housing products and services under that name. Moreover, it should be acknowledged that Vanke was involved in product differentiation to grasp different market niches by promoting various lifestyles and meanings expressly linked to material peculiarities of its housing projects.

5.3 Home branding strategies of China Vanke Co., Ltd. and their influence on housing architecture

The complex nature of a big corporation, such as Vanke,¹⁸ firstly involves observing its branding architecture models or "brand portfolio" strategies (Aaker, 2004). Indeed, Aaker (2004, 2011) and Kapferer (2011) noted that one main challenge for large companies' commitment to building strong brands involves adequately managing their own brand architectures, which entails identifying and organizing their brands, sub-brands, relationships, and roles.

Principally, adopting Kapferer's (2011, p. 348) framework, it is possible to underline two extremes of branding architecture strategies, the first being the strategy known as the corporate master-brand, characterized by a single and unique brand level that often relies on the corporate name of the company itself; the second is the product brand strategy in which the company brand is not relevant at all, thus facilitating the injection of various products into the same market with a selection of

¹⁷ It must be noted that the challenge is not merely focused on these studies' objects and purposes, but also addresses a methodological matter.

¹⁸ Vanke's dimensions and history must employ an approach that evaluates the company's complexity in terms of its brand management and features.

multiple and assumable competing brands directed toward different market niches (Kapferer, 2011, p. 348).

Vanke may rather be inscribed in companies that employ brand architectures with two or more levels and compromise between “the power requirements that push for a single dominant name (master-brand) and the personalization requirements that push for segmented daughter brands, each having a clearly differentiated identity” (Kapferer, 2011, p. 348). More specifically, Vanke may be framed as a company that adopted a “source brand strategy” (Kapferer, 2011, p. 352) to manage its own brand architecture (see Figure 5.3.1). Taking into consideration that brands are multidimensional constructs (Moore & Reid, 2008), Vanke’s brand architecture thus permits that the company be positioned in the middle of the two extremes and that its brand effects be evaluated both in terms of “reassurance” when referring to the company’s identity and “engagement” when focusing on individual line/product brands (see Figure 5.3). This involves, on one hand, discussing house branding when it attains the role of a “conveyor of information” that reflects a product’s origin and quality, while, on the other hand, discussing products’ brand differentiation when brands acts as “conveyors of images and meanings” that reflect different market niches’ values and personalities (cf. Aaker, 1995, 2011; Moore & Reid, 2008; Wheeler, 2010).



Figure 5.3: Vanke’s brand architecture (source elaboration by the author)

5.3.1 Reassurance: Vanke corporate brand as a conveyor of origin and quality

Vanke's history depicts how the company was focused on both product branding and corporate branding. In so doing, its goal was "to develop distinctive features of the organization through organizational and managerial processes" (Heding, Knudtzen, & Bjerre, 2009). Moving away from product to corporate branding also indicates a shift from a communication/marketing-driven activity toward a brand-based strategy to manage the organization. Corporate branding implies that the whole organization serves as the foundation for brand positioning and is able to make specific choices, design organizational processes, and execute activities in ways that are distinct to the organization rather than competitors and mainstream trends (Shultz & Hatch, 2005, p. 13). In other words, while product branding is primarily based on short-term advertising ideas, corporate branding is based on the long-term brand idea of company development (Heding et al., 2009, p. 51). Firstly, the improvement of a corporate identity brand is more appropriate for a company such as Vanke, which had to compile visions and beliefs of all stakeholders involved (Hatch & Shultz, 2004, 2008; Shultz et al., 2005, p. 24). These stakeholders included customers, shareholders, investors in the stock market, other developers, and government officials.¹⁹ Secondly, it must be underlined that Vanke's brand identity was continuously constructed and reconstructed following external social, economic, and political vicissitudes; this identity should be evaluated through this variable nature (Peverelli, 2006, p. 4). It is thus possible to retrace some changes in the discourses employed by Vanke to construct its identity and legitimize its growth during the time as well as demonstrate how the company connected with and related to some changes in its housing program designs.²⁰

From the early period of its operation, Vanke was committed to selling its own values and culture. At the beginning, this mainly involved creating an aura of positive feelings around its employees, customers, and partners through the spirit of entrepreneurship and respect. Concerning this objective, standard and transparent operations were relevant features for a company that quickly became "public."²¹ The company was so committed to selling itself through a distinctive operation modality that it promoted information sharing through all forms of communication, which opposes black box operations. In this manner, Vanke aimed to differentiate itself from other developers, thus allowing that it take distance from a general conception that perceived the real estate industry as highly corrupted (Zhu, 2012).

19 In 1987, Vanke became a "public company," and in 1991, it became a listed company in the Shenzhen stock exchange (see documents in paragraph 7.1.4).

20 Two considerations must be made; firstly, my objective in this chapter is somewhat less ambitious than that of those who use a clear and structured discourse analysis. I merely wish to consider some ways in which Vanke discusses itself, its housing projects, and its relation to those projects' physical and material substances. Secondly, not all products the company injected into the market clearly reflect this attitude; on the contrary, most companies use flagship products to promote their own brand image (Kapferer, 2011, p. 41).

21 In 1987, Vanke's shareholding reform was approved (see documents in paragraph 7.1.4).

Those ideas were then translated into a set of corporate governance principles: “simple, transparent, standardized and responsible.”²²

During the 1990s, such a brand image had mostly affected Vanke’s shareholders and partners rather than its customers—particularly its housing developments, where the company moved the majority of its resources.²³ Concerning the image Vanke’s brand identity projected onto its potential consumers, at the end of the 1990s, the company became the largest developer in China; however, Vanke was damaged by a general decline in the Chinese real estate market caused by the Asian crisis and its interim recession due to the oversized scale of its operation.²⁴ Vanke began pushing the company’s growth by implementing its corporate brand activities. Vanke’s interim identity and external image underwent an extensive process, and it was determined that Vanke’s image as a residential developer was indeed strong among many stakeholders, thus enhancing its professionalization and specific expertise. The company’s strategic vision needed to be aligned with this image, and Vanke moved away from defining itself as a slightly different real estate developer toward promoting itself as a leader in the business of residential property development and management.²⁵ Moreover, in the early 2000s, Vanke exhibited its first “National Brand Campaign” to transfer a very local business (as it is real estate) into an outstanding national phenomenon. The statement selected by Vanke for the new campaign was “Architecture that is Built for Enjoying an Unlimited Life,”²⁶ through which it communicated its devotion for architecture as something that affects both nature and society (Wang, 2017, p. 156; see paragraph 7.3.2).

Furthermore, historical accounts reveal that, from the early 2000s, Vanke moved on from the luxury market (see, e.g., the Vanke City Garden series [万科城市花园] in paragraphs 6.1 and 6.2), wherein it started its career as a residential developer;²⁷ the driving concept behind Vanke’s brand identity became the creation of commercial houses that were affordable to a broader range of China’s population.²⁸

22 These values have been cited many times by Vanke’s relevant figures (see, e.g., Wang, 2017). Moreover, these values have also been explicated in Vanke’s company reports and business presentations (see, e.g., Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 125; Vanke Development History and Corporate Culture, 2017).

23 As more thoroughly explained and demonstrated in Chapter 7.2.1, from 1994 to 2001, Vanke undertook a process of business rationalization, “a reorganization of a company in order to increase its efficiency.” Particularly, Vanke moved on from the idea of the comprehensive business corporation and claimed to become a professional residential developer. Professionalization thus became another important aspect of Vanke’s identity (see paragraphs 7.1.2 and 7.2.1).

24 For a more thorough specification, reference the evidence exposed in paragraph 7.2.1.

25 In 1997, Vanke effectively became the largest real estate company in China.

26 Vanke’s brand campaign received attention from many media sources at that time (see, e.g., Liu Kai, 2002; Wang Yongxi, 2002).

27 This consideration has not only been made by analyzing Vanke’s projects (paragraphs 6.1 and 6.2), but it has also been directly extrapolated by Wang Shi’s narratives (see, e.g., Wang, 2017, p. 147; paragraph 7.3.1).

28 Another relevant consideration must be made here. The historical season in which Vanke

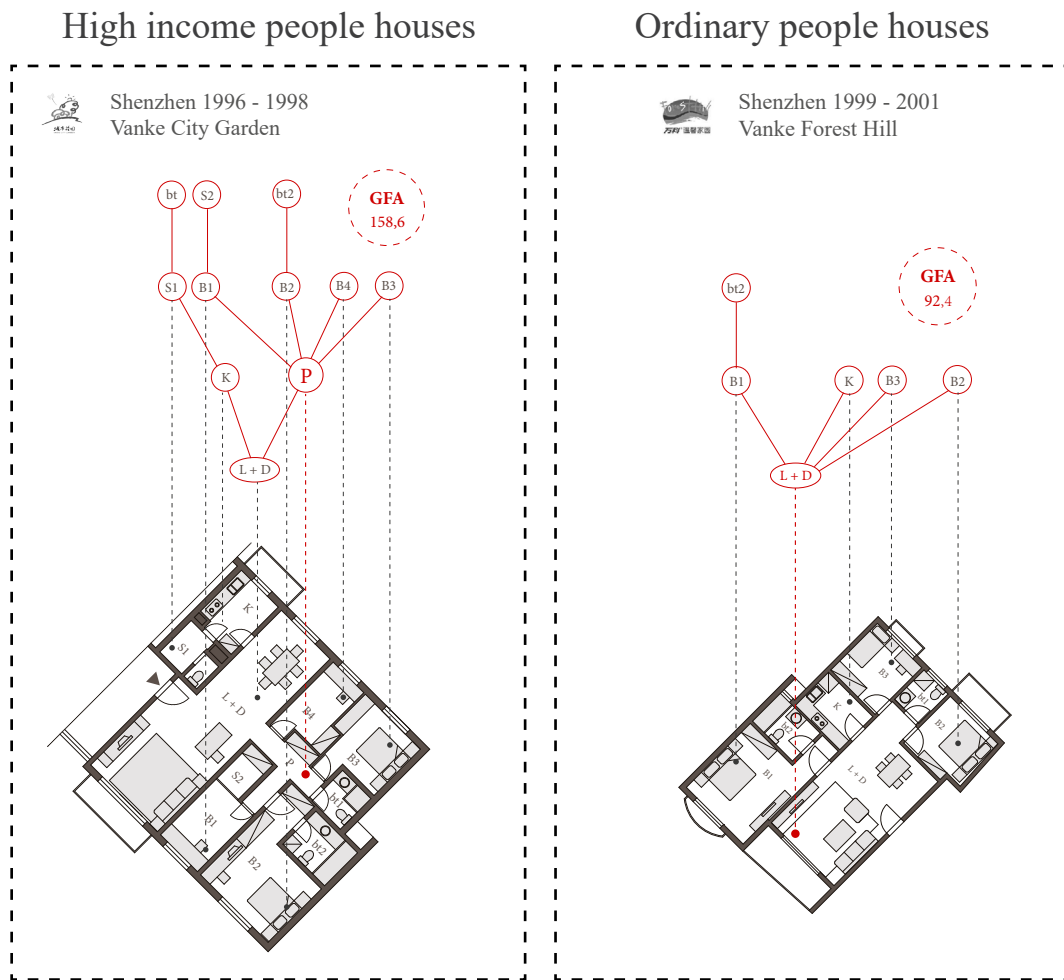


Figure 5.4: Changes in Vanke houses structure between the end of the ‘90s and the early 2000s (source: elaboration by the author).

In line with Kapferer (2011, p. 171), two essential concepts of brand management are useful here for understanding Vanke’s further transformation: “brand identity, specifying the facets of brands uniqueness and value, and brand positioning, the main difference creating preference in a specific market at a specific time for its products.” Vanke opted for “good and affordable homes” as the major product positioning on which it had always insisted.²⁹ In so doing, the company explicated the angle it used to sell its houses and consequently revealed the discourses employed to build its own brand identity. In this way, the company approached the market and continuously expanded its share at the expense of its competitors. Along this line, the company started identifying itself with the slogan “building quality houses for

approached the mass market was characterized by the issue of some important policies and reforms. In 1998, the welfare in the kind system was entirely abolished by the Chinese government, and the first home mortgage was simultaneously released to individuals for home consumption (Cao, 2015, pp. 87–89). For a more thorough specification, see paragraph 7.3 (intro).

²⁹ Vanke’s brand positioning has been made explicit in several documents (see, e.g., Vanke CSR Report, 2014, p. 19; Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 178).

ordinary people,”³⁰ through which it expressed its inspiration and idealistic vision of a more comfortable and convenient living environment for an upgraded range of China’s population.

Even if profits in the luxury market were considerably higher, Vanke started thus promoting apartments of smaller dimensions, claiming a more rational use of spaces and resources.³¹ Under the discourse of the “New Housing Movement,”³² Vanke not only changed house sizes, but housing design was also claimed to become simpler and soberer. “Ordinary people”³³ houses were built with simpler arrangements of rooms grouped around the living room that were designed to satisfy the essential needs of typical families’ compositions (see, e.g., cases in paragraphs 6.3, 6.4, 6.5, and 6.6; see Figure 5.4).

Later on, after 2005, China found itself in a crisis of housing affordability, particularly due to an incredible rise of commercial urban housing prices. The rise of housing prices and the subsequent problem of housing affordability entered the public and academic discourses (see, e.g., Zheng & Saiz, 2016). These issues were also placed at the center of many housing policies and reforms emanating from 2005 onwards, including macro-control policies that aimed to curb housing prices’ rapid growth and new policies for “affordable housing” schemes, such as the CRH and ECH (Cao, 2015; Wu, 2015). For broader elucidations on the topic, see paragraph 7.4. Meanwhile, the public was assigning real estate developers a bad reputation due to large generated profits and land expropriation practices. Accordingly, between 2005 and 2007, Vanke started promoting a new corporate identity and image based on the idea of the “social responsible enterprise,”³⁴ whose purpose was to make

30 This slogan is found in many narratives employed by Vanke directors over the years (see, e.g., Vanke Annual Reports, 2004, 2005, 2008, 2014, 2015; Vanke CSR Reports, 2010, 2011, 2012, 2014; Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 121; Wang, 2017, p. 146).

31 This change was noticeable by looking at cases analyzed in this research, and this rhetoric was employed in many of Vanke’s narratives (see, e.g., Wang, 2017, pp. 146–149; Wang Shi, 2000).

32 The new housing movement was the first forum organized by the China Urban Real Estate Developers’ Cooperative Network (CUREDn) in 1999 (Zhang, 2010, p. 81). For further evidence and specifications, see paragraph 7.3.1.

33 Meanwhile, the rhetoric of the “ordinary people” entered the public discourse. The term was adopted while constructing policy documents in 2003 and 2005 that stated houses should be built for mass occupation, clearly dividing commercial houses into ordinary and luxury homes (Cao, 2015, p. 93). For further specifications, see paragraphs 7.3 and 7.4 (intros).

34 Despite the fact that the concept of corporate social responsibility (CSR) has gained growing attention and significance in recent years, its definition and assessment remain the objects of debates particularly due to the concept’s multidimensional and multidisciplinary nature. However, following the ISO26000, the recognized international standard for CSR, it may be asserted that CSR is corporate self-regulation by which companies integrate social, environmental, and economic concerns into their values and operations in a transparent and accountable manner. CSR allows an organization to take responsibility for the impact of its decisions and activities on society, the natural environment, and its own future profitability. The discovery that CSR can help build customer loyalty based on distinctive ethical values is not new. In China, companies listed in the Shenzhen Stock Exchange were equipped with the Guide to Environmental, Social, and Governance of Listed Companies on the Shenzhen Stock Exchange, issued in 2010.

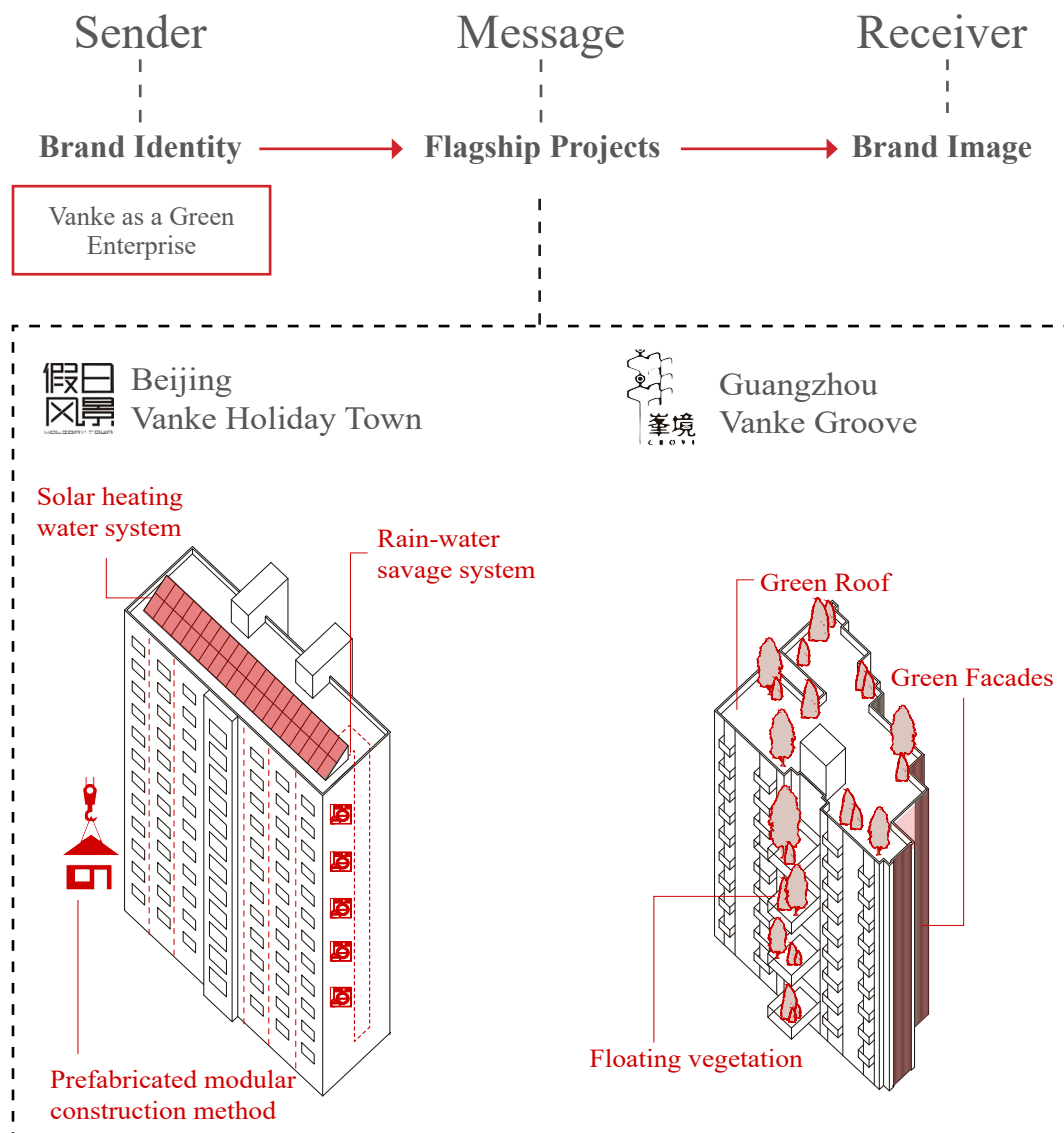


Figure 5.5: Functional and symbolic attributes of houses in supporting Vanke's green rhetoric (source: elaboration by the author).

Vanke's brand not only a means of mass quality products, but also an origin of social and moral expression.³⁵ Many of Vanke's programs and investments followed in this new direction; for instance, Vanke started approaching an even lower-income kind of home-buyer and positioning itself as an outstanding "green enterprise,"³⁶ which became another relevant component of its identity. The company thus started fostering a housing program that reflected this identity both functionally and

35 In 2005, Wang Shi declared Vanke's intention to initiate CSR programs. In 2006, Vanke released its first Corporate Social Responsibility Report. For further evidence and specifications, see paragraph 7.4.2 (dedicated to Vanke's CSR actions).

36 Vanke's "green strategy" became a fundamental part of the company identity within its ten-year strategic plan that was formulated in 2004 (Vanke Company Report, 2004). The concept thus became a relevant concern in Vanke's strategy (Vanke Annual Report, 2009, p. 4) and its Corporate Social Responsibility Program (see paragraph 7.4.2).

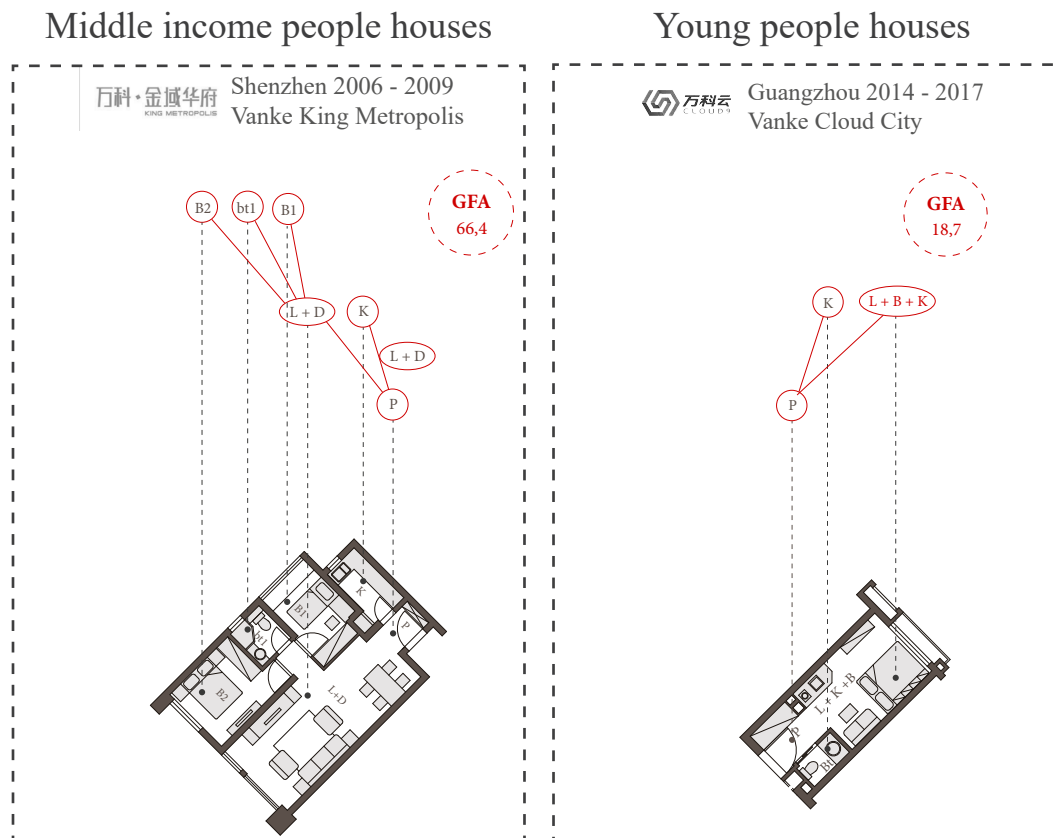


Figure 5.6: Changes in houses structure between the mid of the 2000s and the early 2010s (source: elaboration by the author).

symbolically (see Figure 5.5). For instance, in the case of Beijing Vanke Holiday Town (北京万科中粮假日风景), low-carbon industrialized housing techniques and other energy-saving systems were appositely adopted (see paragraph 6.5), while, in Guangzhou Vanke Groove (广州万科峯境), green facades and garden roofs—including floating tress—were employed as a symbolic means of a “green building” development (see paragraph 6.7). On the other hand, Vanke started researching and developing smaller although more economical, essential, and subsequently more affordable houses for disadvantaged groups and young people (see Figure 5.6). On one hand, Vanke was one of the first private developer to be involved in public housing programs (e.g., the famous case of “Vanhuilou,” roughly acknowledged in paragraph 7.4.2), while on the other hand, it started promoting more affordable commercial housing projects dedicated particularly to young migrant workers. In this regard, the affordability discourse was again directly linked to Vanke’s narratives regarding its apartment dimensions: “In 2014, small and medium-sized common commercial homes are still the main products of Vanke’s residential projects, with those below 144 sqm accounting for more than 90%.” declared the 2014 Vanke CSR Report. In the same document, the graph illustrates that apartments below 90 sqm were estimated to constitute more than 55% of Vanke’s total housing developments (Vanke CSR, 2014, p. 19). The same argumentation is advanced and supported by other documents exhibited in paragraph 7.4.2. However, it is even possible to highlight an effective and structural change in housing project dimensions by

investigating case studies exposed Chapter 6 of this research. In this sense, one extreme example is represented by the case of Guangzhou Vanke Cloud City (广州万科云城), which features very small housing apartments of 15 to 30 sqm (see paragraph 6.8).

Moreover, in order to support these discourses and thus differentiate itself from its competitors, Vanke was devoted to characterizing and promoting housing projects according to some changes in its corporate strategies and business models. For instance, the housing industrialization program³⁷ as well as the idea of wholly furnished apartments,³⁸ through which the company supported its “green development” rhetoric, all clearly influenced the physical and spatial forms of its entire housing estates and singular apartments. Chapter 4 has already exhibited that buildings realized with industrialized concrete techniques exhibited a modular repetition of elements and dimensions in their facades as well as in their apartments’ organization. Dimensions of house spaces were thus calibrated, to some extent, on standard, structural, and even furnishing elements according to the concept of “wholly furnished houses” (see, e.g., the case of Beijing Vanke Holiday Town [北京万科中粮假日风景] in paragraph 6.5 or the case of Guangzhou Vanke Cloud City [广州万科云城] in paragraph 6.8). This idea additionally implies a further standardization of homes according to professionals’ understanding of Vanke’s clients’ needs and aspirations.

It is thus clear that, along this view, house dimensions and some other design characteristics, such as location, urban forms, and construction techniques, become more than merely functional issues; rather, they should become the symbolic and industrial bases of Vanke’s brand. House designs, dimensions, and other features do not merely serve to position the company into the market; they must be thought of as signs of an ideology that express a set of values that reflect, support, and create Vanke’s brand identity (cf. Figure 5.7). In this context, housing architectural design assumes a completely updated meaning because it becomes a way in which the company can support a series of discourses around the self.

As a result, Vanke adapted this series of discourses to foster its “quality growth plan”³⁹ and thus increase its brand awareness and loyalty (see paragraph 7.4.4).

37 In 2004, coincidentally alongside the resolution of the green strategy development, Vanke was dedicated to research and innovation in prefabricated housing (or housing industrialization). In many narratives, Vanke was devoted to showing that, compared to traditional construction methods, housing industrialization permits faster construction cycles and thus reduces energy, water, waste, and material use. For additional information and evidence on Vanke’s industrialization strategy, see paragraph 7.4.3.

38 In 2003, Vanke started promoting a new internal policy that influenced the company to completely change its business model in 2007. Vanke was committed to exclusively selling wholly furnished houses rather than rough units. Thanks to this policy, Vanke ensured a stricter quality control on its projects and supported its green strategy and commitment to building homes for people to live in rather than invest in. For further specifications about the strategy of wholly furnished housing, see paragraph 7.4.2.

39 Vanke’s “quality growth plan” was firstly part of its ten-year strategic plan issued in 2004 (Vanke Annual Report, 2004, p. 7). Subsequently, in 2013, Vanke CEO Liu Yang announced another

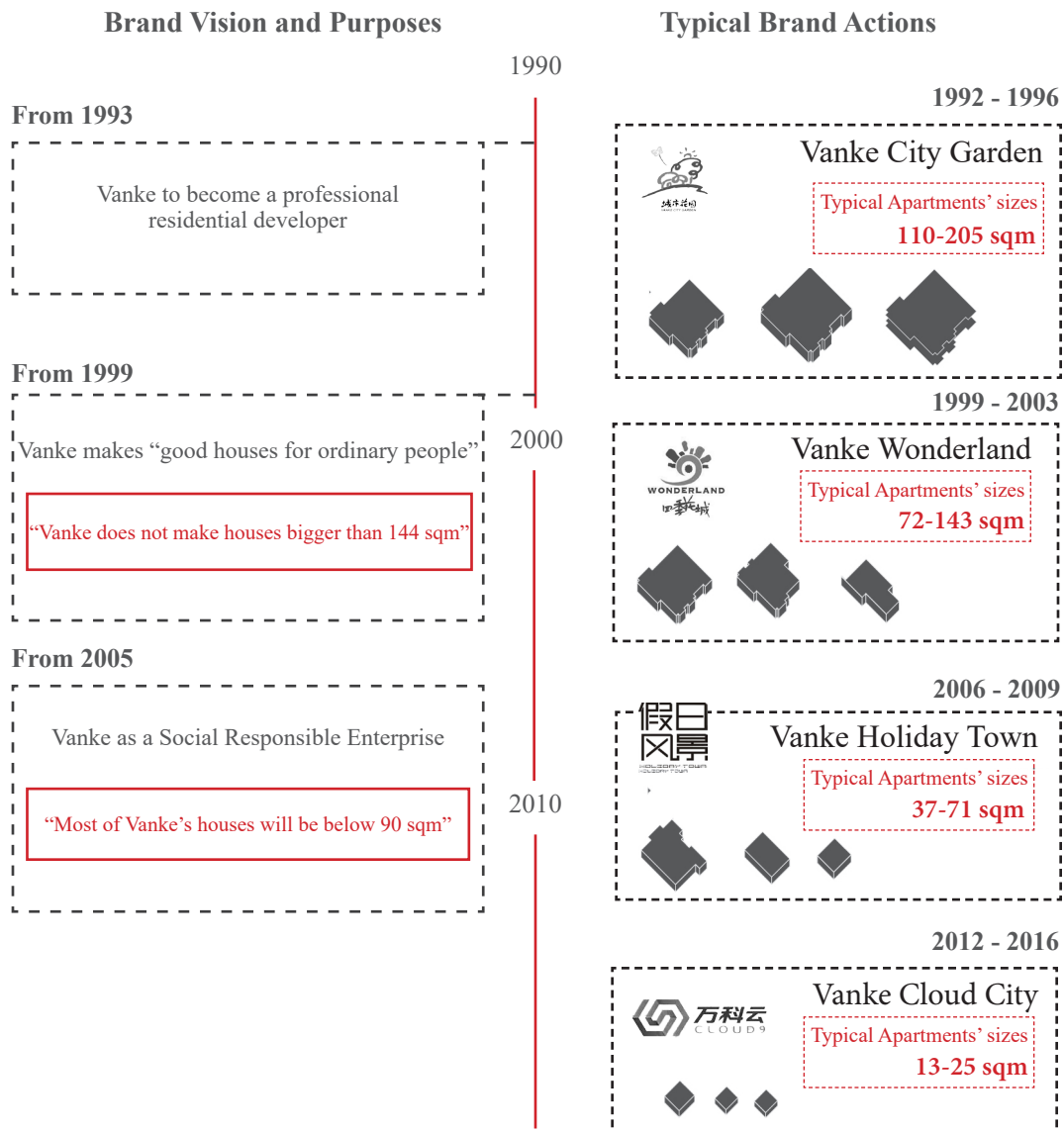


Figure 5.7: Association of Vanke’s discourses supporting its identity and houses dimensions during the time (source: elaboration by the author)

Through technical advancement on one hand and its “customer-oriented philosophy”⁴⁰ on the other, Vanke was extremely committed to enhancing the perceived quality⁴¹ of its housing products. The company not only employed various quality narratives, but also made “housing quality” a mainstream topic to support the company’s brand identity throughout its early development (see paragraph 7.4.4).

quality plan in a press conference called the “Vanke Quality Dream”—a three-year initiative aimed to more effectively foster the company’s quality in a broader sense. On this occasion, Wu Zhongyou clearly stated that, for Vanke, housing industrialization is a precondition for greater quality because it can ensure the standardization of constructive elements, house layouts, and even processes.

40 This is a way to define companies that place customer satisfaction at the core of each business decision. The transition from a profit-oriented to a product-oriented and later customer-oriented company was also claimed by Wang Shi (2017, p. 178).

41 For “perceived quality,” I adopt Aaker’s (1995, p. 17) definition.

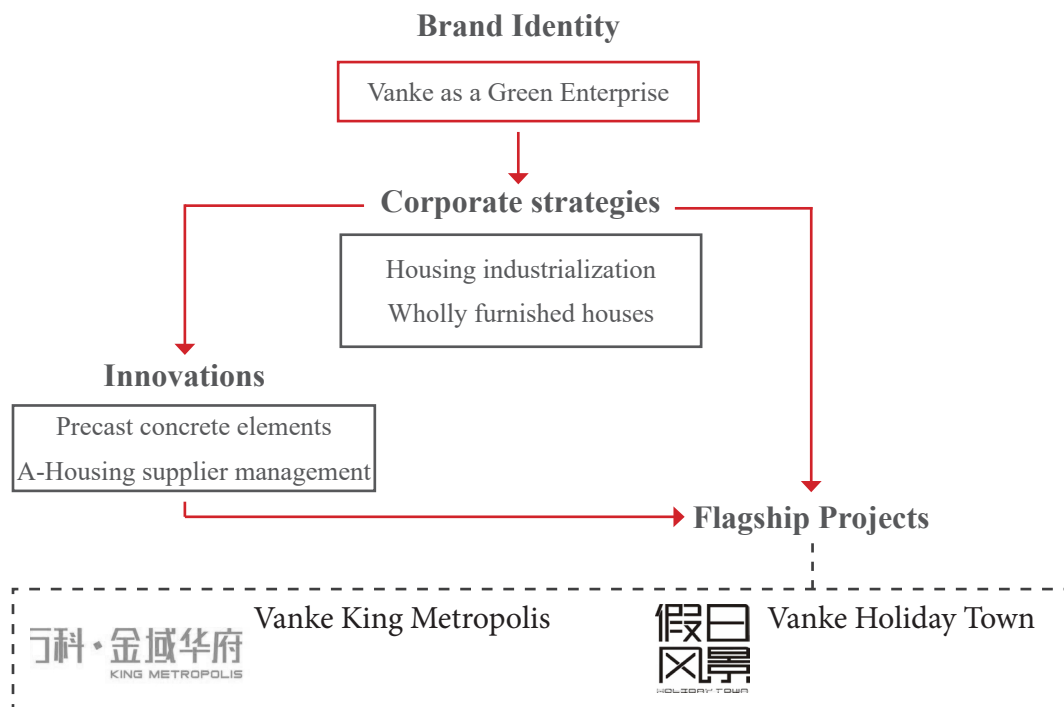


Figure 5.8: Scheme that display how Corporate Strategies, Innovations and Flagship Projects contribute to shape Vanke's brand identity

However, as noted by Aaker (1995, p. 42), quality and value cannot be merely sold to customers without products and services (houses in, Vanke's case) that can truly reflect a firm's promises. Indeed, perceived quality, despite being a merely subjective attribute in consumers' minds, can be grasped through the adoption of managerial practices, such as total quality management (TQM) (Aaker, 1995, p. 18). For instance, Vanke developed new tools for quality control, such as third party evaluation and measurement of housing components during the construction process, which also concerned the evaluation of perceived quality through qualitative tests properly operated by its customers.⁴² In this manner, quality seals become promotional tools conveying a different concept of quality that was both more industrial and more scientific. Reviews written in Chinese architectural and real estate magazines exhibit socially constructed judgments that Vanke's houses were designed and built more effectively with respect to common practices in China.

More importantly, in order to promote its brand identity and "quality growth" in the long run, Vanke was devoted to product innovation through research and the application of new housing patterns and construction techniques. The theme of innovation was largely discussed in the previous chapter (see Chapter 4), and further evidence can be found in paragraphs 7.2.2 and 7.4.2. However, it is important to underline here that, while brand weakness renders innovations rarely perceived or

⁴² All these quality control accessories were then resumed in the slogan "3 tools, 1 chart," which is Vanke's standard system for assessing and promoting quality houses (Vanke CSR Report, 2014, p. 22).

accepted by customers and shareholders in the housing industry, particularly (cf. Ball, 1999; Ozaki, 2003), Vanke, acting as a strong brand, was devoted to assigning meaning and purpose to those innovations (Kapferer, 2011). Most importantly, it achieved these objectives not only through different forms of communication and advertising, but also through the design and consideration of its houses. Houses that tested innovation through housing industrialization techniques became the way for Vanke to support its discourses of “quality growth” and “green development” (see Figure 5.8). For instance, houses in Beijing Vanke Holiday Town (北京万科中粮假日风景; see paragraph 6.5) were thus used as flagship products to gain recognition for Vanke’s dedication in housing prefabrication, thus reducing energy consumption and increasing the precision with which buildings were constructed. This project was also asserted as a “pilot project” by China’s Ministry of Construction for its use of innovative construction methods (Xu & Zhijun, 2010).

Subsequently, houses that materialized and displayed those innovations easily reflected and further contributed toward enhancing Vanke’s identity and reassurance effect. Indeed, those innovations were capitalized by the brand and became necessary for legitimizing Vanke’s leading position into the industry as well as for convincing others that the company could exceed in quality (both perceived and structural) the offer provided by other developers in the country. In so doing, one may assert that, on one side, Vanke’s brand guided inhabitants’ perceptions of houses, while on the other, those products sent back a signal that the firm used to underwrite and build its identity (cf. Kapferer, 2011, p. 43). In other words, innovations and houses were mutually employed through a series of discourses into the construction of Vanke’s identity.

5.3.2 Engagement: Vanke sub-brands as conveyors of imagery and meaning

By analyzing Vanke’s housing narratives and sales messages, it is clear how they focused on both goods and services as well as cultural ideas and lifestyles (see study cases in Chapter 6). Such ideas have been partially translated into textual and iconographic materials used for housing marketing as well as physical and structural attributes of housing design. Wheeler (2010) used the term “engagement” to clarify how “brands use distinctive imagery, language, and associations to encourage customers to identify with the brand.” Identifying customers with a certain brand, whether it be a product or a company brand, involves a continuous movement of meanings and imagery between the brand and the customer as well between the brand and the cultural context in which the brand is positioned (McCracken, 1986). Even if demonstrating how the built environment, culture, and society are mutually dependent is not a new concept in the housing field (Clapham, 2005; Ozaki, 2003; Rapoport, 1969, 1990, 2000), deepening the role of real estate organizations within this framework nonetheless proves interesting. On one hand, according to an institutional approach to real estate and housing studies, developers can exercise a strong influence—even historically speaking—on people’s lifestyles through the supply of different domestic and urban space designs and residential buildings’

social compositions, among other factors (Knox & Pinch, 2000; Kriese & Scholz, 2012). On the other hand, highlighting how developers, such as other industries, make an instrumental use of their cultural ideas and lifestyles to promote their projects and make customers identify with them additionally proves interesting. Following this argument, the notion of the “brand home” can be extended as an intentional activity, a corporate strategy for overlapping images and managing perceptions about the home. Vanke’s sub-brands, discussed in Chapter 6, clearly reflect this attitude; in doing so, they display a different dimension of the house that surpasses its materiality and objective characteristics, implicating that emotional aspects, personal attitudes, and macro-cultural meanings are shaped and framed around houses by the industry that promotes their production and sale.

Moreover, cases of Vanke’s housing practices, quoted after in Chapter 6, also show that narratives and promoted lifestyles have not always been the same; in fact, it seems both have often been developed organically, restrained by the basis of competition across different market shares. Even if it has been proven that housing promotion narratives and rhetoric may vary over time periods and market cycles in other contexts (Robertson & Doig, 2010), this fact becomes questionable and reasonable in a context such as the Chinese one, wherein its recent history was characterized by several phases of market development, formation, and economic cycles often correlated with policy directions and government interventions (Wu, 2015). Sub-brands created by Vanke during the time quite clearly reflect that logic to face various market niches and targeted customers.

For example, the Vanke City Garden series (see paragraphs 6.1 and 6.2) provides insight into how Vanke expressly raised housing communities that appealed to a specific market niche constituting China’s “new riches,”⁴³ which represented the majority of commercial home-buyers during the 1990s. Among this new urban social class, the “fever” for luxury emphasized a specific circulation of cultural meanings that increased the demand for exclusive and elusive urban or suburban landscapes (Wang, 2004). However, claiming that those kinds of houses were deployed both as status icons and individualist lifestyles—in contrast to state control and Maoist collectivism—is no new assertion (Wu, 2015; He & Qian, 2017); what may be further disclosed when looking at Vanke’s housing programs is how the developer materializes the idea of this status in housing architecture at different levels and scales.

By way of illustration, the sub-brand of Vanke City Garden (万科城市花园; see cases 6.1 and 6.2) refers to a precise set of imaginaries and meanings through

43 The term “new riches” or “*nouveaux riches*” became popular even in the academic literature for identifying the rise of a social class that could afford luxury housing accommodations often priced similarly to those in advanced capitalist cities in the earliest post-reforms period in urban China (Fleicher, 2007; Wu, 1997; Wu & Webber, 2004; Wu, 2005). At the same time, the idea of “new riches” was a consequence of the fact that wealth had not been stated for since the introduction of China’s reform policies when “Deng Xiaoping formulated the target of a ‘well-off society’ (*xiaokang shehui*) and the strategy of allowing some to ‘get rich first’ (*xian fuqilai*) in 1979” (Tomba, 2009).

Customer target



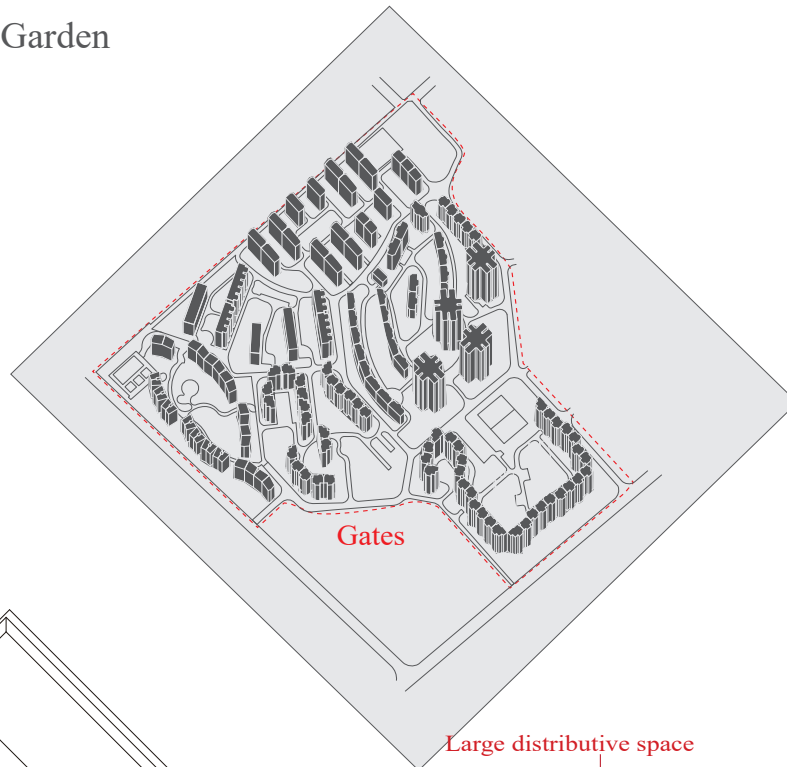
China Nouveaux Riches
High end Families

Brand Values

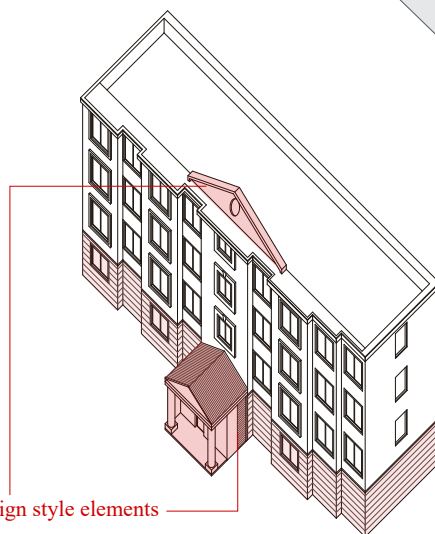
Luxury Lifestyle
Safe and Comfort

Design features

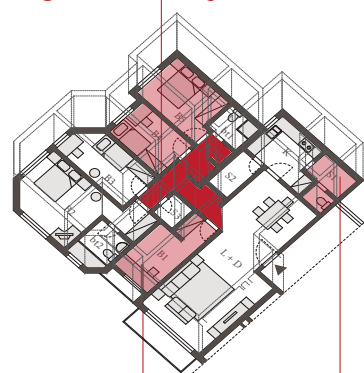
Vanke City Garden



Large distributive space



Foreign style elements



overabundance of rooms

Figure 5.9: Resume of branding and design features of Vanke City Garden (source: elaboration by the author)

its architecture that help the company emotionally connect with those Chinese home-buyers, many of whom have lived and worked abroad.⁴⁴ Imagined and hybrid “Western” forms were invented and adopted in Vanke City Garden (万科城市花园) to exploit the common social mentality that treated the “foreign style” as analogous to a luxurious and subsequently high-quality built environment (Wu, 2010a). Moreover, those “Western taste” residences might convey the idea of a modern and global lifestyle in China, and “they can appeal those people who live in China, but they pretended to be somewhere else” (Fleicher, 2007).

This argument cannot be exclusively reduced to the formal appearance of building architectures. It must be acknowledged that those apartments’ urban forms and domestic spaces were appositely designed as indicators and producers of one’s financial well-being and socially acquired status. In terms of built form, Vanke City Garden (万科城市花园), as well as many other Vanke sub-brands, were raised in gated communities, which are presented as the epitome of high- or middle-class living (Pow, 2009a; Tomba, 2009a, 2009b). Moreover, different from those developed by Vanke in the following period, these gated estates were relatively luxurious, with small terraced or semidetached houses (i.e., townhouses) immersed in a low-density, green built environment.

Furthermore, apartments dedicated to the luxury market were relatively large,⁴⁵ each of which featured a quite complex structure of passages, rooms, and bathrooms in which the commercial space clearly exceeded the basic need of a common Chinese family.⁴⁶ The overabundance of space could thus be perceived as a psychological benefit that conveyed social recognition and self-esteem, demarcating Vanke City Garden (万科城市花园) as a luxury sub-brand.⁴⁷

Later on, following the housing reforms of 1998 and the declarations of the “New Housing Movement,”⁴⁸ it was previously acknowledged that Vanke started fostering more and more housing estates dedicated to a larger basin of middle-class consumers. The emblem of this new middle class can be detected in the rise of consumption practices that affected residential spaces as well as every aspect of urban society. For this purpose, Fleicher (2007) suggests that “consumption, indeed, had become a major aspect of wealthy urban residents’ lives in China.” Tomba (2009a) even endorses a state commitment to increase consumption with the 1995 policy that provided the Chinese urban population additional leisure

44 For instance, the Shanghai Vanke City Garden project was mainly targeted toward Chinese people who previously lived in Japan (Wang, 2017, p. 66). For further acknowledgment on the case, see paragraph 6.1.

45 Houses in the Vanke City Garden series varied from 140 to 200 sqm—enormous apartment areas, particularly when considering that the average living space for a Chinese urban citizen during the 1990s was around 6.8 sqm (Juanhua, Rowe, & Jie, 2001).

46 It must be acknowledged that, in China, the famous “one-child policy” was in effect at the time.

47 To comprehend this idea of luxury, see Vickers and Renand’s (2003) definition.

48 See note 26 of this paragraph.

Customer target



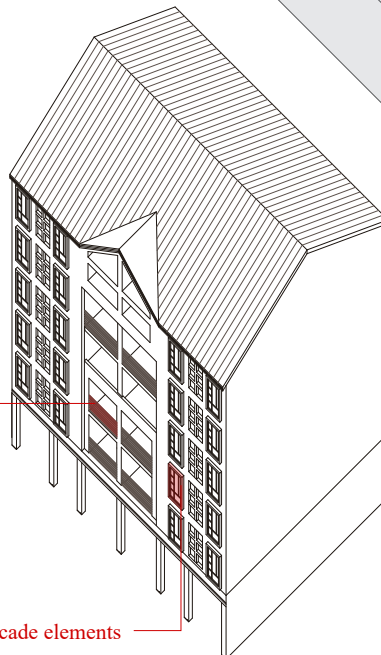
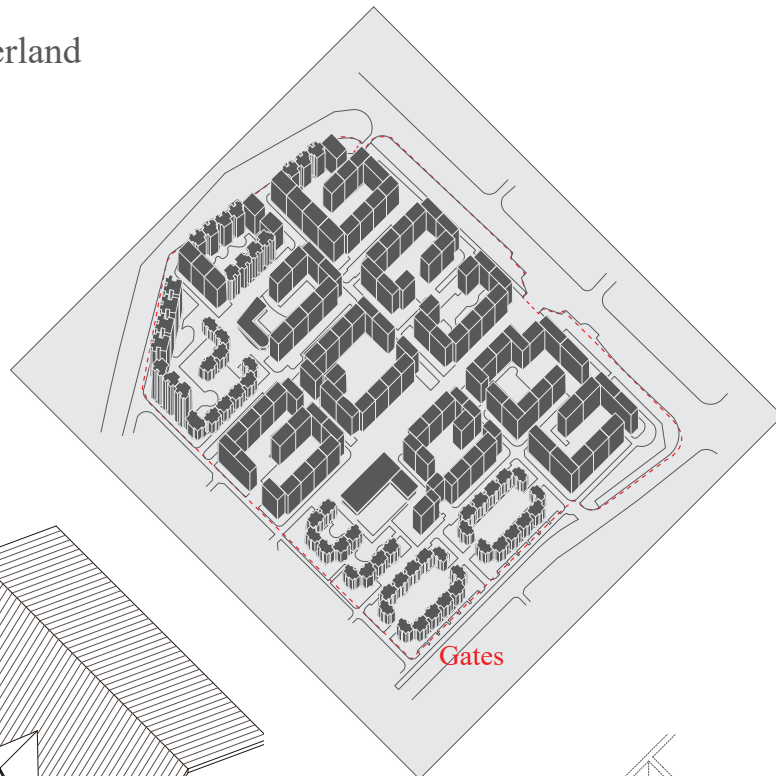
Middle class (Ordinary People)
White collars

Brand Values

New way of urban life
Playfulness and Happiness

Design features

Vanke Wonderland



Simple facade elements

Minimum space
services

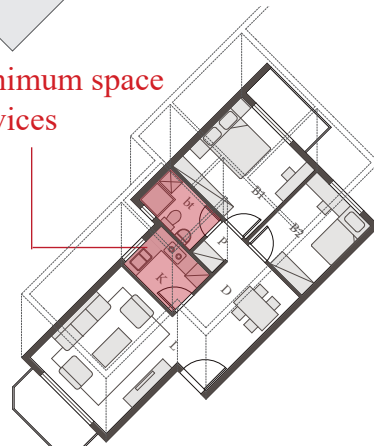


Figure 5.10: Resume of branding and design features of Vanke Wonderland (source: elaboration by the author)

time: “With the declared aim of increasing consumer spending, in May 1995 a compulsory 5-day working week (shuangxiuzhi) was introduced that suddenly brought the number of non-working days in a year among urban employees to 115.” During this period, new tailored goods and services were increasingly provided by consumer markets (He & Qian, 2017). In this context, the built forms of some new Vanke sub-brands featured the same essence of gated communities but with more modest blocks or apartment towers (see, e.g., paragraphs 6.3, 6.4, 6.5, and 6.6). As with gated and privileged communities elsewhere, Vanke’s advertisements and narratives advocated a new concept of a comprehensive and harmonious living environment where housing enclaves and their services were necessary for ensuring not only safety and control, but also “happiness,” “harmony,” and even “freedom.”⁴⁹ These values were sold to middle-class families together with the promotion of leisure and consumption practices that were comprehensively packaged in many Vanke sub-brands.⁵⁰

More precisely, different sub-brands made use of more specific imagery to combine living concepts and housing structures. For instance, the sub-brand Vanke Wonderland (万科四季花城) was often branded—but also shaped—by Vanke in the name of the “new urbanism” tradition.⁵¹ Through this notion, Vanke aimed to sell the idea of a more comfortable and pleasant built environment that could enhance one’s sense of belonging and ensure “playfulness and an alleged new way of life” (Wu, 2004). In terms of lifestyle, this environment promoted the perfect balance between working and leisure activities (see paragraph 6.3). In a similar way, the project of Vanke Forrest Hill (万科温馨家园) demonstrates how the company was committed to promoting an equilibrium between nature and urban life through implementing scenic gardens and natural elements within the estate (see paragraph 6.4). To a specific degree, as these cases suggest, a certain urban morphology that recalls an artificial idea of “urbanism” or a natural environment could be additionally attractive for merely symbolic reasons. In this way, the history of Vanke’s sub-brands indicates how symbolism into the built environment is further connected with characterization and differentiation motifs.

Thereafter, during the mid of the 2000s, Vanke introduced its own customer segmentation based on two main parameters: family structure and the age distribution of the core family members (Vanke Annual Report, 2004, p. 7; see paragraph 7.4.4). According to this strategy implementation, many Vanke sub-brands were developed

49 For this purpose, reference Caldeira (2001), who recognizes some of these values by investigating gated communities in Latin America.

50 A similar rhetoric was not only the basis of promoting some of Vanke’s sub-brands, such as Vanke Wonderland, but was also clearly employed in the construction of Vanke’s brand identity campaign in 2001 (see paragraph 7.3.2).

51 The concept of new urbanism was also centered in the rhetoric and promotion of many other Vanke programs (see, e.g., *Masterpieces of Vanke* 1988–2004, 2006) and employed by several other real estate developers (e.g., Wu, 2004). However, it is important to acknowledge that, according to Wu (2004), “the Chinese version of ‘neo-urbanism’ is different from American neo-traditionalist urban design. Rather than emphasizing a compact urban form through transit-oriented development, transplanted gated communities are car-based residences for the affluent.”

Customer target



Low to mid end Urban Couples
Couples without any children

Brand Values

Affordability, Simplicity
Ecology, Performance

Design features

Vanke Holiday Town



Green Building Element

Chinese Style elements

Gates

Storages

Figure 5.11: Resume of branding and design features of Vanke Holiday Town (source: elaboration by the author)

on the basis of standard operations that reflected the needs and preferences of those target customers. This factor strengthened images of residents and their lives, including their values and tastes. As explained by Fleicher (2007), those attributes could become “manuals of lifestyles that teach potential residents about proper nutrition, exercise, or community living.” Furthermore, this connection between a specific lifestyle and a residential complex is further underlined by the various architectural designs that Vanke’s projects offered, such as “European romantic,” “Spanish missionary,” “modern simple,” “modern international,” or even “modern Chinese.”⁵² This gave rise to many Vanke sub-brands tasked with further differentiating the housing proposal and grasping a larger basin of customers to face a period of rapid growth and brand expansion.⁵³

Later on, Vanke’s life-stage segmentation led to lines of offering that moved from more mature customers seeking a classic look to younger professionals in search of a more fresh and creative living environment (see paragraphs 6.7 and 6.8). In the second decade of the 21st century, under the economic phase of the “new normal,”⁵⁴ the company approached and advocated for an absolutely novel lifestyle in the Chinese metropolis (see paragraph 7.5). An increasing number of middle-class people, particularly young individuals, were attracted by the identification with creative production, self-making, and self-entrepreneurship as well as fine arts and cultural activities (cf. Vanke Annual Report, 2011, p. 3).

The lifestyle here and the set of values and meanings that Vanke promulgated again cannot be split by the urban conformations of those real estate projects. It is thus possible to notice a relevant change in the built form as well as in the location of Guangzhou Vanke Groove (广州万科峯境; see paragraph 6.7) and Guangzhou Vanke Cloud City (广州万科云城; see paragraph 6.8). Indeed, these real estate programs were developed in relatively consolidated areas of the city rather than in preeminent suburban neighborhoods.⁵⁵ In this context, the gated community model, which was the quintessence of Chinese suburban development, was substituted by one or more urban blocks of mixed and curious shapes open to the city’s adjacent urban space. These urban structures, condensed into a unique living program as commercial and

52 It is possible to recognize these “style” definitions in many of Vanke’s real estate books (cf. Vanke, 2007), such as *Masterpieces of Vanke* 1988–2004 and 2005–2006, published by Jingdong Books in Shenzhen (Vanke, 2011), *Vanke: Building Infinite Life*, published by Ifengspace in Tianjin (Vanke, 2012), and *Leading Real Estate: The Latest Vanke Works*, published by the South China University of Technology Press in Guangzhou.

53 Vanke’s customer segmentation coincided with the company’s establishment as a national brand and the start of its second round of rapid growth. For further elucidations, see paragraph 7.3.2.

54 The “economy’s new normal” is a concept expressed by Xi Jinping, the former president of China, in the early 2010s, to indicate a slowdown in the Chinese economic growth and subsequent changes to China’s development strategies (see paragraph 7.5). The concept of the “new normal” strongly influenced the real estate and housing market structure in China (for this purpose see Zhang, Li, Chen, & Li, 2016).

55 In a certain way, this process recalls the process that occurred in the big American metropolis during the 1970s and 1980s (see Zukin, 1982, p. 59).

Customer target



Young and creative middle class
Single people or couples without any children

Brand Values

Affordability, Social Responsibility
Innovation, Creativity

Design features

Vanke Cloud City

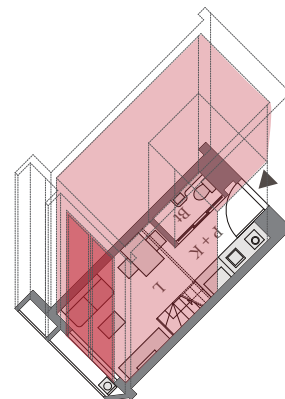
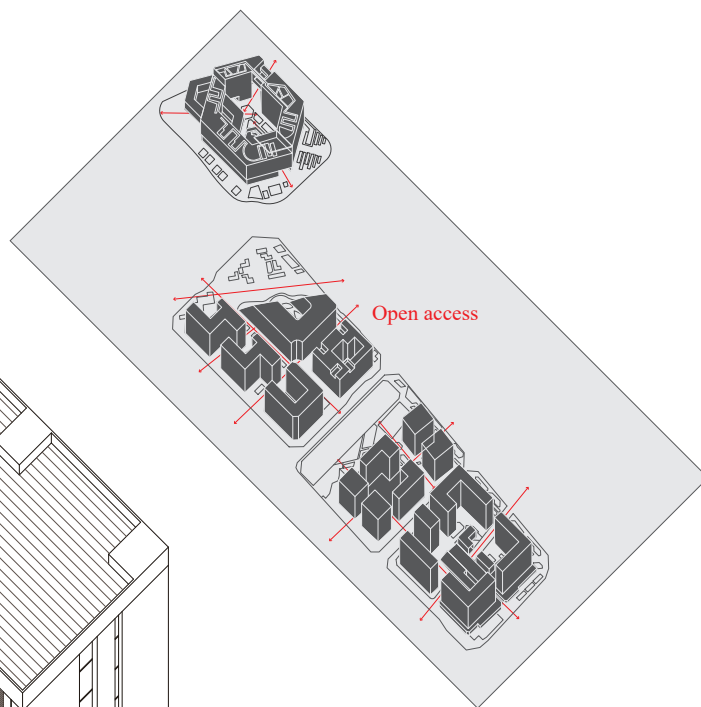
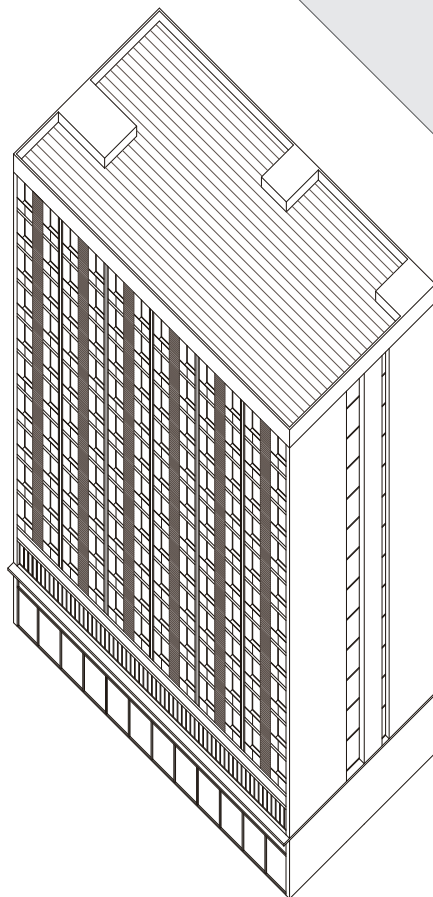


Figure 5.12: Resume of branding and design features of Vanke Cloud City (source: elaboration by the author)

working activities, were associated with ideas of proximity and urban integration.⁵⁶ This new set of meanings and distinctions were thus symbolically employed there because they aimed to seduce “men and women, who liked to live near work and other single people, and seemed to be enthused about the vitality of urban life.”⁵⁷

The apartment designs and spaces were again re-calibrated to fulfill the target customers’ expectations. In contrast with previous products, rather small houses were designed from the outset to accommodate an individual or a couple rather than a family. Those housing spaces, intentionally denominated as lofts, call to mind embedded imaginaries of the creative middle class in the west. These “loft-style” residential spaces were built entirely new, yet they featured open-space apartments with high cement ceilings, large windows, and cement floors. Those small flats surely lacked the history and essence of “real lofts,” but they expressed and exploited their symbolic value to connect with an emerging, creative middle class of young Chinese professionals nonetheless. Moreover, both materially and symbolically, those kinds of loft-style apartments served as a mirror and substructure in the transition from a hard-industrial to a creative and service-oriented urban economy in some first-tier Chinese cities.⁵⁸

The conception of Vanke’s sub-brands roughly asserts that houses as other products hold the symbolic resources that people—or consumers, in this context—use to build their lifestyles (Levy, 1964). Indeed, it may be argued that, through sub-symbolic products, real estate developers, such as Vanke, either implicitly or explicitly, directly contribute to framing and forming lifestyles by choosing a certain location, building type, house’s spatial configuration, in relation to a target group (Kriese & Sholz, 2012). Even in this sense, Buchli (2013, p. 119) argues that “architectural form per se, its materiality, and the processes by which homes were built were relegated to the edges of consumption studies.”

Moreover, the history of Vanke’s housing production has led researchers to notice that a sub-branding strategy can enable a firm to engage in a sort of “strategic opportunism.” Aaker (1995, p. 270) describes this concept as “a management strategy which emphasizes detecting and responding quickly to opportunities that emerged in the market.” Vanke’s strategy was then supported by the development of strong emotional ties forged by both innovative products and political endorsements. It has been demonstrated how, by applying its skills in product design and customer research, Vanke developed responsive sub-brands tailored for the segments it identified as emerging during the Chinese housing market formation.

56 This assertion may be in reference to Zukin (1982, p. 68).

57 The quote by Zukin (1998) again underlines the similitude between the discourses Vanke recently adopted (e.g., to promote the Vanke Cloud City project) as well as those the author used to describe a similar process in the U.S.

58 Generalizing this concept in the Chinese urban environment is not easy due to the environment’s variegated and complex structure. However, the article by Zhang et al. (2016) provides evidence that support this argument.

To conclude, these considerations additionally pose a further important consequence upon the understanding of housing designs' transformation and meaning in China. Indeed, this consequence might depict how housing projects tend to be so congruent to changes in socio-economic and institutional conditions. Furthermore, Vanke's sub-branding strategy illustrates the real estate company's intermediate role in interpreting market conditions and developing new housing designs while considering its internal resources, capabilities, and long-term objectives.

5.4 Conclusions

In summary, it is possible to understand that the meaning of the house, within Vanke's strategy of branding and identity formation, was not limited to the provision of project marketing and financing; rather, this meaning was embedded into the houses' attributes and their design process, over which it is reasonable to claim the company possessed significant control. Previous paragraphs reveal that Vanke was integral to the production and design processes that supported its identity as well as its customers' personalities. Vanke not only marketed its houses—it did so in such a way that the those represented and even sustained its own identity.

In other words, what I declare is a relation between the way housing spaces are configured and the way they are used to construct a brand's identity—both the corporate brand of the firm and its sub-brands related to single projects. This concern thus becomes one of the determining elements within Vanke's conception of the home that likely influenced the Chinese residential real estate industry as a whole.

Chapter 6.

Analysis of Vanke's house designs

This chapter exhibits eight cases of Vanke housing estates from a multi-angle perspective. Each case study is organized in four sections - location, marketing and branding, design of the estate, design of the apartments - which aims at documenting the project through different scales and housing dimensions. The analysis is mainly conducted through qualitative analyses of documentary, oral and material sources (see paragraph 2.3).

Thereafter, the following set of case studies is organized in a temporal manner from 1992 (the starting date of the first case) to 2016 (the ending date of the last case). As explained in paragraph 2.2, following projects can be conceived as organized two by two, and each couple could be associated to the periodization adopted in the business history of Vanke, which is the focus of chapter 7. More specifically: paragraphs 6.1 and 6.2 are connected with paragraph 7.2; paragraphs 6.3 and 6.4 are connected with paragraph 7.3; paragraphs 6.5 and 6.6 are connected with paragraph 7.4; paragraphs 6.7 and 6.8 are connected with paragraph 7.5).

6.1 Shanghai Vanke City Garden – 上海万科城市花园

Location: Qibao New Town, Minhang district, Shanghai

Development time: 1992-1999 (Phase 1-2)

Design firms: Meng Daqiang

Site Area: 420,000 sqm (Phase 1-2)

Plot ratio: 1.11

Green ratio: 0.33



Shanghai Vanke City Garden development's process began in 1991, when Wang Shi obtained a 300,000 sqm piece of land next to Wuzhong Road of Qibao Town.¹ Coming immediately after the development of Shanghai Waltz Garden (上海西郊花园),² the project has been one of the first housing estates developed by Vanke outside of Shenzhen. However, Vanke's expansion to Shanghai, was part of a broader historical trend. Many local developers, arisen in Shenzhen, were moving out and expanding their business in Shanghai after Deng's declaration in 1990³.

The huge residential compound of Shanghai City Garden has been carried out in several phases and sub-phases which vary one from another both in terms of their design, and in terms of their brand positioning and purposes. The overall development lasted more than 10 years, in the timespan between 1992 and 2004. Totally the estate has reached a total gross floor area (GFA) of 733,000 square meters and more than 20,000 residents. However, taking into account the purposes of this investigation, the focus of the following paragraphs is restricted mostly to the description of the first two phases of the project (see figure 6.1.2), which have been developed between 1992 and 1994. Within this first period of development, Vanke built up 420,000 sqm of built area, investing more than 800 million RMB into the project (Masterpieces of Vanke 1988-2004, 2007).

The overall planning design of the first two phases has been carried out by Meng Daqiang, a Singaporean urban planner whose studies and working experiences in Europe had clearly influenced the final outcome of the project. In the meanwhile Fu Zhiqiang, a young graduate from Tsinghua University, who participated in the design of Vanke Tianjin Garden (天景花园) in Shenzhen (see paragraph 7.1.1), was

1 The history of the project is briefly described in Wang, S. (2017, p. 66)

2 Waltz Garden is a small scale gated community of high-end villas developed by Vanke between 1989 and 1991 in Shanghai.

3 In February 1990 Deng Xiaoping stated that "Shanghai lagged behind Guangdong" (Vogel, 2011: 687).



Figure 6.1.1: Location of Shanghai Vanke City Garden. Satellite image of Shanghai in 1999 (Source: Elaboration by the author, retrieved from Google Earth Pro)

elected chief design manager of Shanghai Vanke Real Estate Co. Ltd. The subsidiary company of Vanke has been established in 1992 to carry on the operations of the group in Shanghai. Mr. Fu, was thus fully responsible for the advancements of the project.⁴

6.1.1 Site location

Shanghai Vanke City Garden is situated in a peripheral area of Shanghai, precisely in the zone of Qibao New Town within the Minhang District. The site sits near the Hongqiao airport, which represents a source of noise and thus a considerable inconvenient for the success of the intervention.⁵ Moreover, during the first phase of development, the location of the estate was not ideal for some other reasons. The gated community was situated in the peripheral area of the city, and many years had to pass before the zone has been fully equipped by convenient transportations and upgraded external facilities. Surely this factor has also led to some considerations adopted in the marketing and functional program of the intervention.

The paddy-field plot of Shanghai Vanke City Garden is bordered by Qixing Road to the north-west and Xingshan Road and Xinlong Road to the north-east and south west. Huashen pie, situated on the south east side, marks the dividing line between the old and the new district of the project.

⁴ The design team of the project is described by Wang Shi (2017, p. 64).

⁵ This has been clarified by Wang Shi (2017, p. 65).

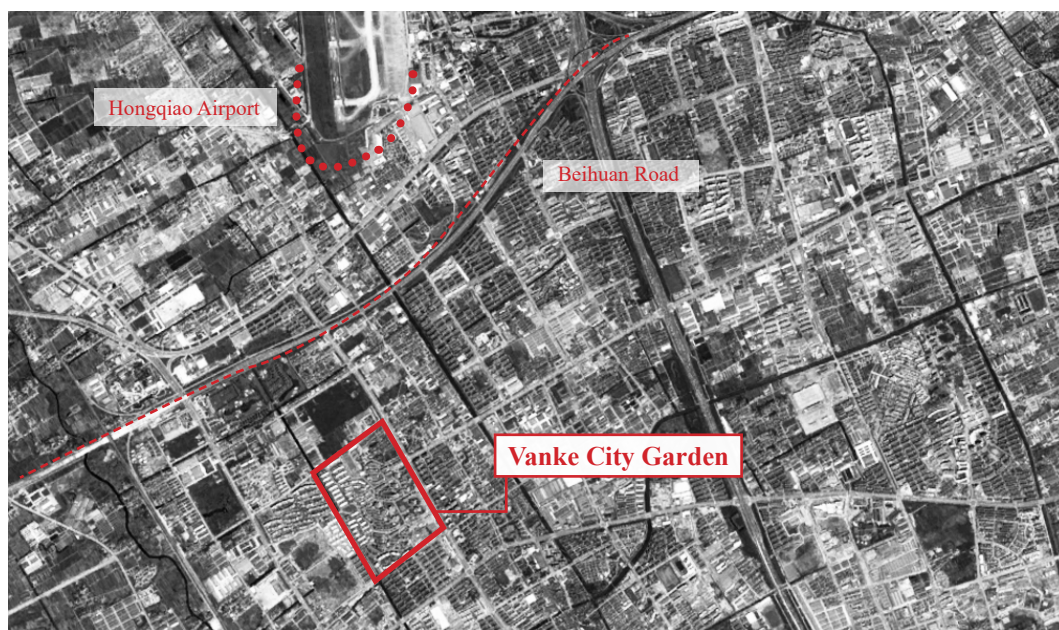


Figure 6.1.2: Location of Shanghai Vanke City Garden. Satellite image Qibao New Town, Minghang, Shanzghai in 1999 (Source: Elaboration by the author, retrieved from Google Earth Pro)

6.1.2 Marketing and Brand Strategy

In terms of branding strategy, Shanghai Vanke City Garden represented a decisive revolt compared to previous Vanke's residential properties.⁶ At the strategic level, it introduced the idea of the sub-brand line development, which would led to the creation of many others Vanke's branding lines in the future. In the meanwhile, owing to its incredible success, the sub-brand of Vanke City Garden would be the first Vanke's housing project to be replicated in many other cities in China, such as Beijing, Shenzhen, Wuhan, Tianjing and Shenyang.⁷

At the local marketing level, the estate can count on being the first comprehensive and branded real estate development directly promoted and financed by Vanke. Moreover, according to Pow and Kong (2007) "Shanghai Vanke City Garden represents also one of Shanghai's earliest and most established commodity housing enclaves to date". More precisely, Shanghai Vanke City Garden has been one of the first projects in which a complete lifestyle package for future inhabitants was explicitly offered and communicated by Vanke, not only through its material and functional offer but also at the cultural and emotional level. The living community hold inside many amenities and services such as medical activities, retail shops, post offices and food and beverage activities; nowadays the compound totally includes more than 60 restaurants. Moreover, by paying a monthly fee, residents can also enjoy a full lifestyle organization which included the access to some services such

6 See the community of Tianjin Garden (天景花园) in Shenzhen, exhibited in paragraph 7.1.

7 It is possible to find other projects under the name of Vanke City Garden in Masterpieces of Vanke 1988-2004, 2007.

as a swimming pool, a club house, a tennis court, a spa, different thematic gardens for children and adults, but also daily travelings, excursions and many others (Pow, 2009a, p. 8).

Two main sources of inspiration led to this innovative program. On the one hand, the idea of the “comprehensive development” originated by the model of the Overseas Chinese Town⁸, a large scale community realized some years before by the namesake developer in Shenzhen⁹. On the other hand, the projects tended to emulate the lifestyle and organization of some Japanese and Singaporean residential estates. This last point is also in line with the market positioning of Shanghai Vanke City Garden, which has been very clear from the early start of its conception. In its biography, Wang Shi revealed “we targeted young people who had gone to Japan to study and they were now going back to Shanghai to work” (Wang, 2017, p. 68). This customers’ proposition derived by an accurate market research, which shown that there were around 80,000 Chinese studying in Japan and around 7,000 of them were coming back to Shanghai every year. Shanghai Vanke City Garden was positioned to satisfy this astonishing demand. Supporting this declaration, a demographic survey, conducted by Wang Guixin and published in the *Journal of Market Population Analysis*, reveals that high-end people, who went abroad to study, represent indeed the main living population of Shanghai Vanke City Garden (Wang Guixin, 1995). This target surely influenced the architectural design of the project, that had to transmit both an idea of modernity, as well as a sense of luxury and prestige.

Thereafter, the brand positioning of the project took also into account the needs and habits of a population, mostly arranged on a consolidated family structure. Indeed, the gated community and its management offer both services for the non-labor population, particularly constituted by young children and elderly people who live the place during the day, and night activities for the other inhabitants.

Another important selling point of the project has been also the idea of “open-style community”, which was marketed as a unique attribute in order to differentiate the project from local competitors. “The design of Vanke City Garden is unique” claimed Wang Shi (2017, p. 69). But more importantly at the marketing level, the design concept, together with the functional program, have been then translated in an emotional proposition for the inhabitants of the estate. Writing about the project, Wang Shi goes on to say that “the design of Vanke City Garden draws one into the feeling of a community – people have dates here, they get together for meals, to buy things and not just to sleep” (Wang, 2017, p. 69).

Thereafter, the sense of security represents another relevant value in the selling strategy of the project. The gated estate is indeed surrounded by 2 m high concrete walls or iron fences, equipped with high tech surveillances technologies and it is

8 For better specification on Overseas Chinese Town (OCT) is possible to visit the official OCT website, available at <http://www.oct-asia.com/en/>

9 The inspiring role of OCT in Shenzhen has been declared by Wang Shi (2017, p. 67).

Customer profile	Brand value proposition	
Middle to high-end families (new riches) Young Chinese who studied abroad (particularly in Japan)	Brand attributes	Brand core values
	Comprehensive development	Luxury
	“Open style” urban design “Western taste” architectural design	Sense of community Security and Comfort
Marketing channels		
Newspaper advertisement; real estate brochures;		

Table 6.1.1: Resume of marketing features of Shanghai Vanke City Garden (Source: Elaboration by the author)

guarded by more than 280 employed private security guards (Pow, 2009a, p. 4).

Newspapers advertising and real estate brochures were the main communication channels to market the intervention. Vanke set up also a sale center within the construction site where additional informative materials were provided. However, after the first phase of development gained an incredible success, the fame of the brand, as well as the reputation of the developer¹⁰, became the most important element in the marketing of the successive phases. Moreover, owing to this factor, housing prices in Shanghai Vanke City Garden have more than doubled from the first to the last phase of development (Pow, 2009a, p. 5).

6.1.3 Design of the estate

In order to emphasize the interaction between people and the sense of community, the project applied a Singaporean style of “free and open layout”, is written on a Vanke’s real estate book (Masterpieces of Vanke 1988-2004, 2007). Indeed, the urban tissue of the compound is not organized in form of compact blocks or courtyards houses, that could give the sense of enclosure, but a series of small residential buildings are meticulously scattered and organized on single units’ base (Figure 6.1.3). As a consequence of this urban layout, the project features a low plot ratio (1.11).

However, the overall estate is closed and secured from the outside, only one punctual access is situated on each side of the plot. A tangled series of small roads connect the entrances with the housing units and all the other facilities.

Cars are allowed to enter the site and there is not a clear distinction between pedestrian and vehicles pathways, if not for the presence of sidewalks on the sides

¹⁰ The study of Pow and Kong (2007) reveals that the 48% of Vanke City Garden residents, in 2004, chose to buy a house in the community because of the brand and the prestige of the developer.



Figure 6.1.3: General Plan of Shanghai Vanke City Garden (Source: Elaboration by the author retrieved from *Masterpieces of Vanke 1988-2004*, 2007).

of the streets. Parking lots are situated in the proximity of the houses, and they are directly accessible from the small roads inside the estate. Housing blocks are surrounded by a green lawn that is needed to separate the houses from the road (Figure 6.1.5). All these elements revoke the imagery of Western suburban areas, which surely were used as a sort of inspiration for the project's urban planning. The Western suburbs' atmosphere is also emphasized by the presence of some outdoor furnishings, such as lamps, benches, waste baskets and many others.

Several garden spaces, which host playgrounds, arbors and water ponds, are spread all over the compound and they are differentiated one from the other (Figure 6.1.4). Moreover, the gated community includes also a 3,700 square meters



Figure 6.1.4: Picture of Shanghai Vanke City Garden playground (Source: picture by the author)



Figure 6.1.5: Picture of Shanghai Vanke City Garden parking lots (Source: picture by the author)

neighborhood Center, which consists of a clubhouse and commercial center.

Totally the estate comprises a mix of mid-rises building blocks, townhouses and villas, which were designed in an eclectic mix of styles that goes from the classical and baroque European to the Spanish and also a touch of modernist and post modernist architecture (Figure 6.1.6 and 6.1.7). Predominantly, building blocks feature a simple elevation and a planar roof with some decorations. The facades are characterized by the presence of bow-windows and porches in the middle of the entrances (Figure 6.1.8).



Figure 6.1.6: Picture of Vanke City Garden commercial street (Source: picture by the author)



Figure 6.1.7: Picture of Shanghai Vanke City Garden internal garden (Source: picture by the author)



Figure 6.1.8: Picture of Shaghai Vanke City Garden townhouse entrance (Source: picture by the author).

6.2.4 Apartments' Design¹¹

Intended to be a middle to high end residential community, Shanghai Vanke City Garden features large sized luxury apartments situated in semidetached houses and mid to low rise building blocks. Few of the apartments are arranged on two levels. These latter ones feature a total Gross Floor Area (GFA) of 192 sqm, comfortably

¹¹ Differently from all the other projects exhibited hereafter, for Shanghai Vanke City Garden, it has not been possible to retrieve the layout of the single apartments from verified sources, such as drawings published in Architectural Journals or official advertising brochures. The graphic analysis, and subsequently the further discussion, has been made on the basis of drawings published on second hand housing websites, such as <https://shanghai.anjuke.com>, partially verified through my visit on site of Shanghai Vanke City Garden.



Figure 6.1.9: Picture of the veranda in one apartment of Shanghai Vanke City Garden (Source: <https://shanghai.anjuke.com>).

accommodating three bedrooms, a studio and a space for leisure, in addition to the basic living ambients (e.g. apartment A in figure 6.1.12). The entrance opens directly on a large space that functions both as living and dining room. The stair, which is close to the doorway, captures an important part of the ambient thus making smaller the space dedicated to dining. Two of the bedrooms are situated on the first level and so they are directly connected to the living/dining room through a small hallway that serves the bathroom as well. The master bedroom is then arranged on the second floor, in front of the stair. The master bedroom, which is an essential element in the Chinese house, is extremely large (26 sqm) thus including a large space that could be used as a storage room as well as a dressing room. This latter space is directly connected with a dedicated bathroom, thus underlying another typical feature of ordinary apartments in China. Both the living room and the master bedroom overlook a veranda, which was a typical feature of Chinese houses even before market oriented reforms. In the Vanke City Garden, the verandas have been also decorated with a sort of classic balustrade that aimed at giving a taste of “foreign flavor” to the apartments’ design (Figure 6.1.9).

All the other apartments are arranged on a single level, thus featuring a minor commercial area that vary from 98 to 155 sqm (e.g. apartment B in Figure 6.1.12). For instance, apartment B, as a three-bedroom apartment, it is reasonable to assume it is intended for a family of four to five people. As usual in the Chinese houses, there is no separation between the living and the dining room. The overall living area is abundant with an area of 32 sqm, thus providing space to comfortably seat five people in the dining room with additional space for furniture. Between the doorway and the living room there is an entrance hall, which offers little room to receive invited visitors, as well as it serves the principal bathroom. All the bedrooms



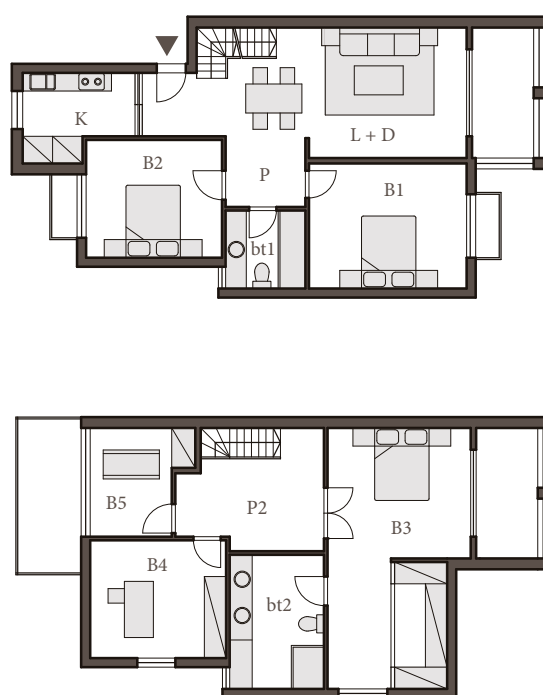
Figure 6.1.10: Picture of the living room in one apartment of Shanghai Vanke City Garden (Source: <https://shanghai.anjuke.com>).



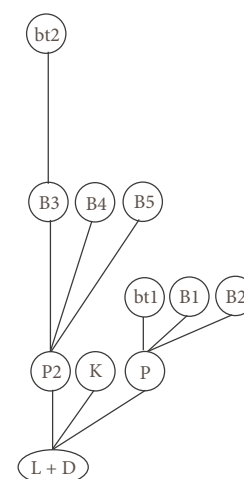
Figure 6.1.11: Picture of the bedroom in one apartment of Shanghai Vanke City Garden (Source: <https://shanghai.anjuke.com>).

are grouped around a passageway, which is an useless space of the house. One of the bedrooms has also a dedicated bathroom, but in this case it is not the larger in the house.

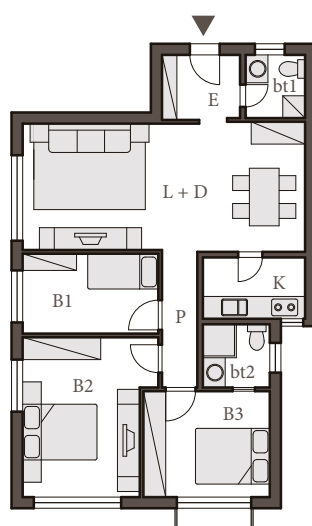
The overall size of the apartments clearly exceed the minimum requirement for three to four people families, suggesting that the apartments have been conceived by the developer in order to be perceived as luxurious and thus to satisfy vanity consumption of *nouveau riches* in China.



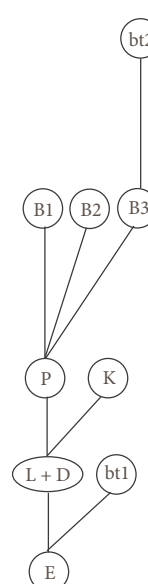
Room	Sqm
L + D	34,8
K	6,6
P	4,6
P2	12,8
B1	16
B2	12,8
B3	26,2
B4	12,7
B5	9
bt1	4,9
bt2	9,6
Tot	161,8
GFA	192



Apartment A



Room	Sqm
E	3,7
L + D	32,5
K	5,3
P	3,9
B1	7,8
B2	18,2
B3	10,6
bt1	3,5
bt2	5,5
Tot	91,7
GFA	104,6



Apartment B

Figure 6.1.12: Shanghai Vanke City Garden Houses typologies and dimensions (Elaboration by the author, retrieved from <https://shanghai.anjuke.com>).

6.2 Shenzhen Vanke City Garden – 深圳万科城市花园

Location: Jingtian Section, Futian district, Shenzhen

Development time: 1996-1998

Design firms: HSA architects; PT design Consultant

Site Area: 26,383 sqm

Plot ratio: 1.52

Green ratio: 0.45



Shenzhen Vanke City Garden has been designed and built between 1996 and 1998. It is the first estate of the sub-brand Vanke City Garden, also named “Vanke Town”, in Shenzhen. Shenzhen Vanke City Garden was also the first comprehensive development, target to high-end consumers, developed by Vanke in the city where its business started. According to a Vanke employee, the company obtained the land at the price of 100 million yuan by the Shenzhen court, after that it was confiscated to a developer, unable to continue the development phase.¹² Indeed, in 1995, Vanke was looking for the opportunity to develop in Shenzhen the same branded design that “sale as fire” in Beijing and Shanghai.¹³ The project was thus designed, following the brand model of the company, thanks to the consultancy and the active involvement of HSA Architects and PT Design Consultants. HSA Architects was founded in Hong Kong and Shenzhen, as the first China’s sino - foreign joint venture design enterprise.¹⁴ The company was selected especially for its integrated approach to architecture and engineering design, able to professionally supervise not only architectural concept but all the other aspects that concern to the constructive phase of the operation. Peddle Thorp Architects Group (PT Design), an Australian firm operating from 1989 in an international environment, was in charge of the concept design.¹⁵ PT Design Consultants worked also as an important trader of international planning model. The outstanding Australian firm became thus the architectural author of the project, that functioned also as a marketing tool. Indeed, it was not rare in the Chinese context that foreign design firms have been consulted

12 In Habin, Lin. 1999. Exploring the cause of the initial success of Vanke City Garden. Vanke Weekly 333. Available at <http://www.vankeweekly.com/?p=69158>

13 In Gao Jian. 1998. Vanke City Garden. Vanke Weekly 288. Available at <http://www.vankeweekly.com/?p=68614>

14 The foundation an history of HSA is well acknowledges in Xue and Ding (2018)

15 For further specification see PT Design Consultants Official Website, available at www.pta.com.au



Figure 6.2.1: Location of Shenzhen Vanke City Garden. Satellite image of Shenzhen in 1998 (Source: Elaboration by the author, retrieved from Google Earth Pro)

by real estate developers to give a taste of “exotic” charm to the new intervention in order to increase the sale of the projects (Zhang, 2010; Wu, 2007). Moreover, it was a characteristic of the series Vanke City Garden to adopt different planning concepts—one per each city in which the sub-brand has been located—imported by international firms coming from different foreign countries. So, “while in Shanghai was Singaporean and in Beijing American, Australian way has been chosen for Shenzhen”¹⁶.

6.2.1 Site location

The 26,383 sqm site sits less than 2.3 km north-west from the main Shenzhen political and economical center (referring to the Shenzhen Civic Center in Futian District) (Figure 6.1.1). More in detail, the plot stands a couple of super-block south Tanglang Mountain Country Park, one of the most relevant touristic and leisure attraction in Shenzhen, considered for its facilities and panoramic view of the city’s skyline. The estate is also part of Jingtian Community Section, that is nowadays amount to a prevailing residential district full of services and vitality. The estate is so surrounded by housing blocks of different dimensions around green areas, good primary and secondary schools, which represent important sources for properties’ value in China¹⁷. However, in 1998, when the property was developed, the situation was not optimal as now. Indeed, the surrounding area was mostly occupied by industrial facilities and the entire district was still undertaking an urban development

¹⁶ In Habin, Lin. 1999. Exploring the cause of the initial success of Vanke City Garden. Vanke Weekly 333. Available at <http://www.vankeweekly.com/?p=69158>

¹⁷ The article of Feng and Lu (2013) demonstrates the relationship between the quality of education facilities and the increase of surrounding housing prices in China.

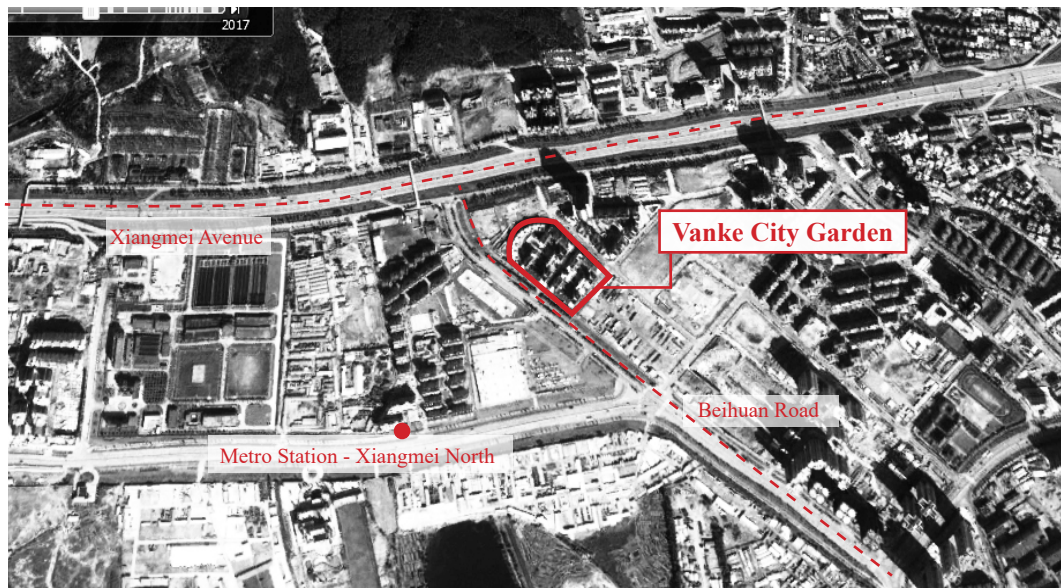


Figure 6.2.2: Location of Shenzhen Vanke City Garden. Satellite image of Jingtian community in 1998 (Source: Elaboration by the author, retrieved from Google Earth Pro)

process (Figure 6.1.2).

The site is located at the cross road of Beihuan Avenue and Xiangmei Road, which latter represents the north part of Shenzhen principal ring road. Even though this important transportation way had a clear positive impact on the marketing strategy of the project, the street had been also considered as a source of noise and pollution, influencing the design and planning of the estate. Immediately south - west of the site is the Xiang Mei North station on Shenzhen's metro yellow line, that easily connects the site with Lohu district going west, and Shekou district going east. The two districts had been crucial locations for the development of Shenzhen Special Economic Zone and still nowadays represent attractive working places in the city.

6.2.2 Marketing and Branding Strategy

Shenzhen Vanke City Garden targeted middle to high-end consumers, young adults between thirty to fifty years in search of a new urban lifestyle; among them particularly rising wealthy white-collar workers and self-employed individuals. At the same time, the project offered a housing opportunity to Lo Wu district's inhabitants that did not want to live their original location in search of new areas, but they had the economic chance to improve their living conditions¹⁸. Given this target of consumers, high selling prices—set up around 8.000 yuan per sqm—permitted the company to obtain a profitable return on investment, despite the low density of the project (1.5 plot ratio).

18 Habin, Lin. 1999. Exploring the cause of the initial success of Vanke City Garden. Vanke Weekly 333. Available at <http://www.vankeweekly.com/?p=69158>



Figure 6.2.3: Written in the middle of the image the core value that characterized the intervention: Green Land for Families - Happy balance with work activities (Source: Advertising Poster of Shenzhen Vanke City Garden, 1998).

The project's core marketing idea was based on the concept of a "human centered" type of development, narrative largely exploited by Vanke and other Chinese developers at the time (Junhua, Rowe, & Jie, 2001, p. 242). As a Vanke architect described it, this means "to pay attention to people's social interaction and emotional factors, enhance the intimacy of the living community and the sense of belonging and friendship between the human nature and the surrounding environment" (Zhu Changlian, 1999). This rhetoric was generally at the center of all the projects under the sub-brand of Vanke City Garden. The concept was then named and widespread as the idea of "Vanke Happy Home",¹⁹ which was connected

19 In Gao Jian. 1998. Vanke City Garden. Vanke Weekly 288. Available at <http://www.vankeweekly.com/?p=68614>

then to the creation of an “happy” and “safe” community, where people can relax and enjoy family’s life, after stressful working days (See Vanke City Garden Poster in Figure 6.2.3). More pragmatically, the planning process highlighted the financial and housing needs of customers; notably the area needed for new services and a more pleasant living environment. In order to address these issues, particular attention was given to the quality and the quantity of “exclusive” open spaces inside the gated enclave, particularly in form of landscape and facilities. The green ratio of the development was established to 0.45, which was considerably higher than the standard set by other housing estates in the same area. Within the conceptual frame of the “comprehensive development”, several new services have been thus included into the gated and well monitored residential compound. In addition to them, Vanke developed a new Vanguard store in Futian district with the objective to be “close to the community, servicing the need of household and convenient to customers” (Vanke Annual Report, 1999). Vanguard Store was a business branch of Shenzhen Vanke, ran by the company before its process of business rationalization had been completed in 2001 (see paragraph 7.2.1 for further specification). The estate hosted for the first time the new “Vanke Real Estate Customers’ Club”, established in August 1998.²⁰ The club reinforced the sense of exclusiveness that featured the whole development. Moreover the club and the management agency of the estate became a new way to organize the residents’ life according to standardized and planned leisure activities.²¹ All these factors became important in the way the estate was advertised to possible buyers by both texts and photographic materials (places of interest, photographs of the community and its facilities, notable people, images and colors that feel a sense of happiness and life integrated with nature). Selected by nonspecialists, the material exhibited an incomplete image of the built environment, but they still maintained a certain homogeneity, particularly in the choice of elements to be highlighted. All of those aimed thus at expressing the sense of a new type of urban and luxurious living experience, which characterized the brand identity of Vanke City Garden.

From the point of view of its image, Vanke City Garden became a mainstream brand of the company and participated to establish the road for the future development of Vanke’s corporate brand. Indeed, thanks to the resources invested by the company in promoting the project, the estate was awarded with many prizes by Chinese institutions, such as “First Prize for Excellent Residence” or the “Award for excellent estate management in Shenzhen”, both of them issued by the Chinese Ministry of Construction.²² Moreover, the project was also acclaimed by customers, becoming a synonymous of high-quality property development.

20 Vanke’s customer club was a new communication channel opened by Vanke in 1998

21 Information retrieved from the website of Shenzhen Vanke City Garden Home Forum, available at <http://bbs.szhome.com/27150-0-1-0-9.html>

22 Information about the awards was assumed from PT Architectural Design, available at <http://www.ptadesign.cn/m/about.aspxlanguage 2&type=honor>

Customer profile	Brand value proposition	
High-end families Welthy middle class workers	Brand attributes	Brand core values
	High Green Ratio Gated estate Separated courtyards management	Luxury Lifestyle Happy family/community Safe and Comfort
Marketing channels		
Newspaper advertisement; real estate brochures; Vanke customer club; dedicated websites		

Table 6.2.1: Resume of marketing features of Shenzhen Vanke City Garden (Source: Elaboration by the author)

6.2.3 Design of the estate

The estate accommodates 354 apartments, organized in 6 to 7 stories housing blocks. Starting from the design practice experimented before in Shanghai, Shenzhen Vanke City Garden was mostly planned adopting “enclosure design” and “comprehensive development” models. The entire estate features 5 enclosed yards, imagined in order to provide a sense of security and belonging to future residents. Within the courtyards, spatially defined by the arrangement of housing blocks, several services are offered to residents, such as a club space, a swimming pool, a library, and a recreational area for children. Every courtyard, that is named

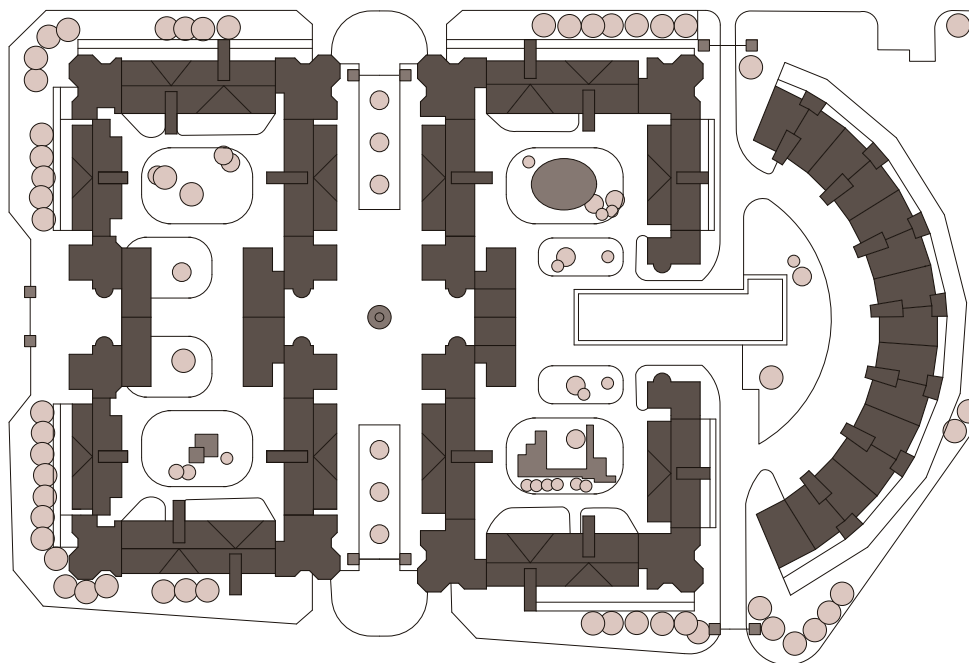


Figure 6.2.4: General Plan of Shenzhen Vanke City Garden (Source: elaboration by the author, retrieved from Zhu Changlian, 1999).



Figure 6.2.5: Picture of Shenzhen Vanke City Garden building features (Source: picture by the author)

and managed independently, accommodates one single service. These separated systems were conceived to improve the efficiency of the management practice, as well as to market the project through a sense of security and intimacy.²³

Distances between housing blocks vary from 18 to 33 meters, providing large void spaces that favor lights and air to enter but that also reflect the adoption of the recently introduced *Technical Regulation for Urban Planning Management*²⁴ in China. The courtyards are then crossed by a north-east to south-west visual and physical axis that connect the main entrance with the remaining parts of the compound. The central axis is thought as a promenade that drives the visitor throughout the garden all the way to the big swimming pool, situated in the middle of the second court. Indeed, Vanke employed those semi-public spaces to invent a new community lifestyle through extraordinary montages of modern cultures and Western style environments, which were expressed by means of physical elements, such as typical European facades and landscape elements (fountains, benches, lamps, etc), but also consumption practices, which comprehend workshops, leisure driven activities and open-air market organizations. Thereafter, in order to break what had been described by Vanke market agents as a “boring situation”, in reference to the surrounding dilapidated and gray buildings of Guynang district, the design of the facades made use of combinations of three bright colors: yellow, blue and red.

Within the site only pedestrian circulation is allowed. Car circulation is

²³ The concept has been highlighted in *Masterpieces of Vanke 1988-2004* (2007, pp. 21-23).

²⁴ The introduction of *Technical Regulation for Urban Planning Management* in 1995 are acknowledge in Junhua, Rowe, & Jie (2001, p. 242).

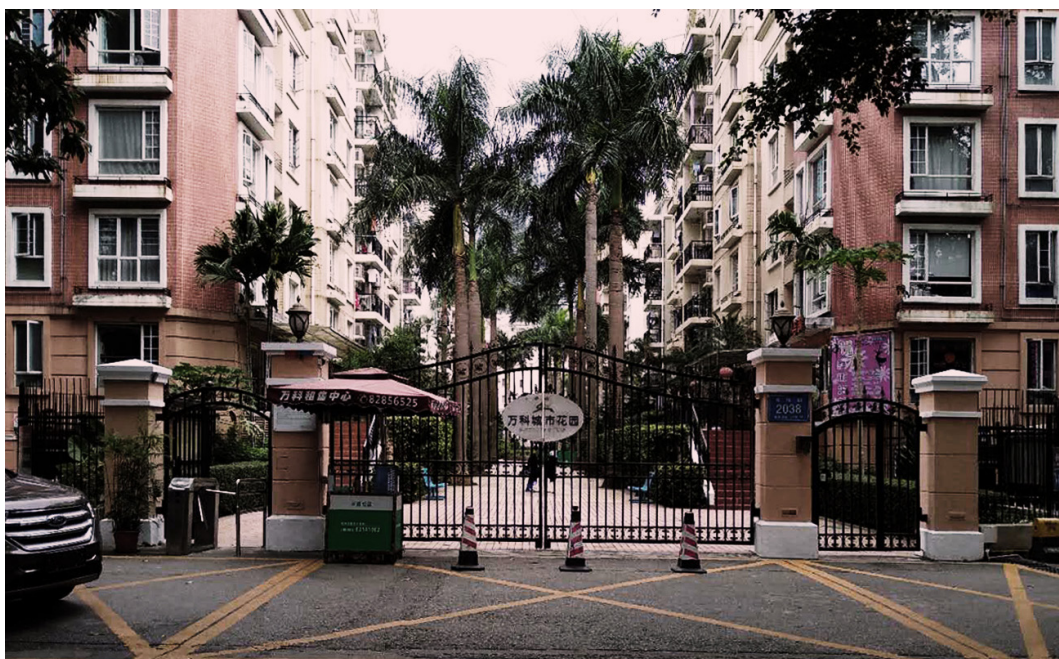


Figure 6.2.6: Picture of Vanke City Garden principal entrance (Source: picture by the author)



Figure 6.2.7: Picture of the Vanke City Garden central swimming pool (Source: *Masterpieces of Vanke 1988-2004*, 2007).

articulated all around the estate where four entries to underground parking are provided. Car circulation and housing blocks are separated by a line of trees and gated walls. The outer slow traffic circulation path, together with the tree lines, aim at isolating the property from Xiangmei Road in order to reduce noise and visual impact to apartments arranged on that side.

Car parkings are situated at the semi-underground level. The buildings' basement is made of a mezzanine system that allows to provide natural light and ventilation to parking spaces on the underground, but also it permits houses on the first floor to be inhabited and raised from the ground level, in order to maintain a decent level of privacy.

6.2.4 Apartments' Design

Most of the apartments are organized on one level, except the ones situated on the top floor that are in the form of duplex. The apartments are grouped in two units per every staircase and organized within buildings blocks with a regular depth of about twelve meters (Figure 6.2.8). The apartments' total surfaces vary from 130 to 200 sqm, reflecting the philosophy of the series Vanke Urban Garden which aims at transferring dimensions and features of single villas into apartments, situated in blocks or townhouses. Big apartments, capable of accommodating four to five bedrooms and service spaces, are used to give an idea of luxury in the mind of consumers, as they reflect the need to provide comfortable, exclusive and private spaces which strongly differ from crowded, mixed in use, and shared spaces of the socialist house (Wang & Murrie, 1999).

The entrance to single apartments opens on the living room, that is usually condensed in a single space together with the dining room. This combination is a typical feature of the Chinese house that reflects climatic condition and the Asian lifestyle (Lee, 2015). The kitchen and a single room are directly arranged around the living room, while all the other rooms are accessible through a distributive passageway. Apartment C includes a 42 sqm living and dining room, exposed on both sides and big enough to host different functions (See Figure 6.2.9).



Figure 6.2.8: Apartments disposition within building of Shenzhen Vanke City Garden (Elaboration by the author derived from Vanke City Garden in Shenzhen, 1998).

In terms of the entire layout, distributive spaces seize a relevant portion of the apartments, with dimensions that vary from 5 to 10 % of total surfaces. The kitchen is also connected to a service area, dedicated to the housemaid. These traits are clearly suited to the demand of Chinese wealthy families, that can afford servants and that are willing to use space of their house, strictly dedicated to them or to distribution. When possible, the kitchen's window has been arranged in the middle of the sink as a reference to the American and Australian model of single detached houses, in which the window, overlooking the garden, allows the mother to watch the children play (Ahn et al., 2015).

The master-bedroom is always equipped with a private bathroom and an entrance, which includes dedicated space for closets. The relatively big size of these rooms, that vary from 18 to 22 sqm, allows them to be livable spaces. Indeed, their total length (410-440 m) is conformed to the noble disposition, indicated by Stratemann as type III-D of its fundamental bedrooms' typologies (Benevolo, 1978). In apartment B, the master-bedroom is also located in a singular space, expressly shaped to recall the image of a Western style bow-window. Many of these features reflect a clear conception of the layout in which space saving was neither considered as a direct and essential priority nor an important element to market



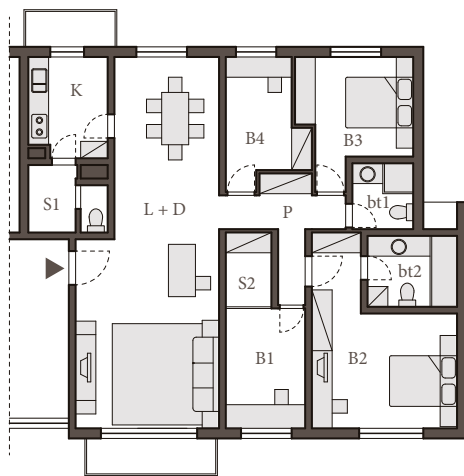
Figure 6.2.9: Picture of the living and dining room in one apartment of Shenzhen Vanke City Garden (Source: Huang Jianhui, & Xia, 2000).

the intervention, precisely because “Vanke’s series of ‘Urban Garden’ projects fit the mold of luxury scale housing, with a highly select group of consumer in mind” clarified Wang Shi in his autobiography (Wang, 2017, p. 62).

The houses host large windows, usually overlooking the internal courtyards. This tells how such enclosed spaces have been used not only as livable spaces for leisure activities but also as sceneries to market single apartments views, through which inhabitants can enjoy the green and natural environment from their private nest. The apartments have been provided with basic decoration and finishing, which usually reflect the will, also in interior space, to give a taste of luxury. For instance, some apartments adopt hand made wooden floors in a period during which the material was not so common in the Chinese construction industry (Wu Anguo, 1998). However, appearances aside, Qiao Yuansheng (2003), author of an article appeared in the *Business Insight Journal*, after he sang the praises of Shenzhen Vanke City Garden management efficiency, also complained the lack of quality in construction and design details of the apartments, envisaging in this manner the long way that Vanke would undertake in the following years.

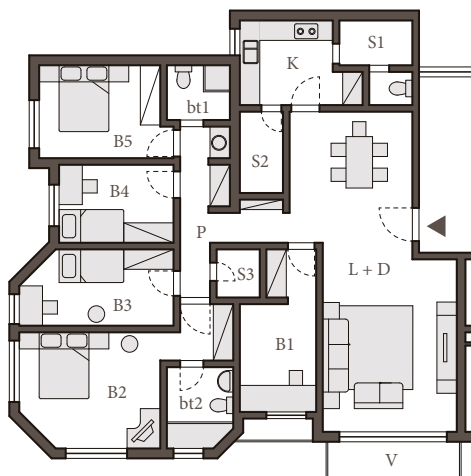
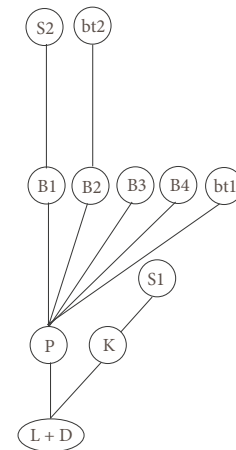


Figure 6.2.10: Picture of the main bedroom in one apartment of Shenzhen Vanke City Garden (Source: Huang Jianhui, & Xia, 2000).



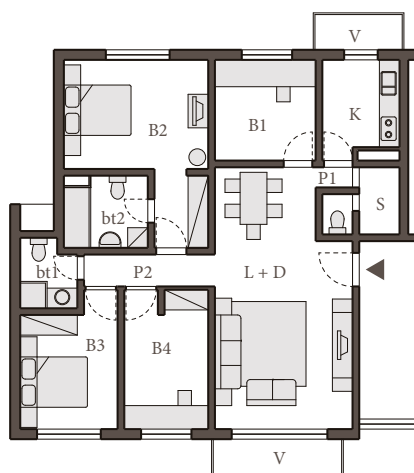
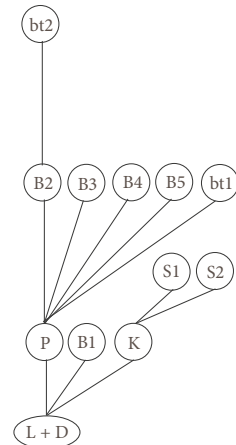
Apartment A

Room	Sqm
L + D	42,5
K	7,0
S1	4,9
S2	3,1
P	6,9
B1	8,3
B2	18,2
B3	10,6
B4	8,8
bt1	3,5
bt2	5,5
Tot	126,7
GFA	158,6



Apartment B

Room	Sqm
L + D	37,8
K	8,0
S1	4,5
S2	3,2
S3	1,9
P	9,6
B1	9,8
B2	18,5
B3	10
B4	8,1
B5	10,6
bt1	3,2
bt2	4,7
Tot	138,9
GFA	168,8



Apartment C

Room	Sqm
L + D	29,5
K	6,9
S	3,8
P1	0,9
P2	3,7
B1	9,0
B2	18,7
B3	10,6
B4	10,4
bt1	3,4
bt2	5,5
Tot	112,4
GFA	135,7

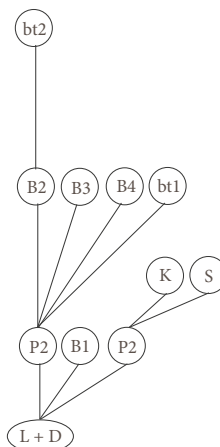


Figure 6.2.11: Shenzhen Vanke City Garden Houses typologies and dimensions (Elaboration by the author, retrieved from Vanke City Garden in Shenzhen, 1998).

6.3 Shenzhen Vanke Wonderland – 深圳万科四季花城

Location: Bantian Town, Longgan district, Shenzhen

Development time: 1999-2003

Design firms: Shenzhen Huahui Design Co. Ltd

Site Area: 350,000 sqm

Plot ratio: 1.45

Green ratio: 0.4



Shenzhen Vanke Wonderland was realized in five different phases between 1999 and 2003 (Masterpieces of Vanke 1988-2004, 2007). It features a total development land of 23 hectares and a building area of 473,383 square meters (Shi Yijuan, 2008). The project was the first product of a brand that reverberated its style during the years. The brand was then repeated by Vanke in many other first and second tier cities²⁵. However, the idea behind the project originated also from some other sources, including the city of Shenzhen, which had a vision for expanding the city towards northern areas and particularly to adding park-lands and new formal property developments to the city's urban area (Fig. 6.3.1).

Xiao Cheng, chief director of Shenzhen Huahui Design Co. Ltd.,²⁶ was in charge of designing and planning the estate. The architect was the author of other famous and innovative Vanke's projects such as "Vanke The Village" in Dongguan, "Vanke Blue Mountain" in Guangzhou, to name just a few.

6.3.1 Site location

In 1999, when the project started, the site was situated in the suburban areas outside of Shenzhen. The plot stood 10 km north respect to Shenzhen central area of Futian district and 2 kilometers from the border checkpoint of Meilinguan (Figure 6.3.1). At that time, the site was mainly surrounded by industrial activities, construction sites and densely inhabited areas in form of "urban villages",²⁷ all of which composed a large scale and disconnected urban fabric (Figure 6.3.2).

²⁵ See for instance Vanke Wonderland in Guangzhou, Shenghai and Sehyang in the book *Masterpieces of Vanke 1988-2004* (2007).

²⁶ For more information about Shenzhen Huahui Design is possible to visit the company's official website, available at <https://www.hcd-idea.com/about>

²⁷ In this manner the site has been described in Che, Weiqing. 1999. Another "first" of Vanke Real Estate. *Vanke Weekly* 349. Available at <http://www.vankeweekly.com/?p=69371>



Figure 6.3.1: Location of Shenzhen Vanke Wonderland. Satellite Image of Shenzhen in 2003 (Source: Elaboration by the author, retrieved from Google Earth Pro).

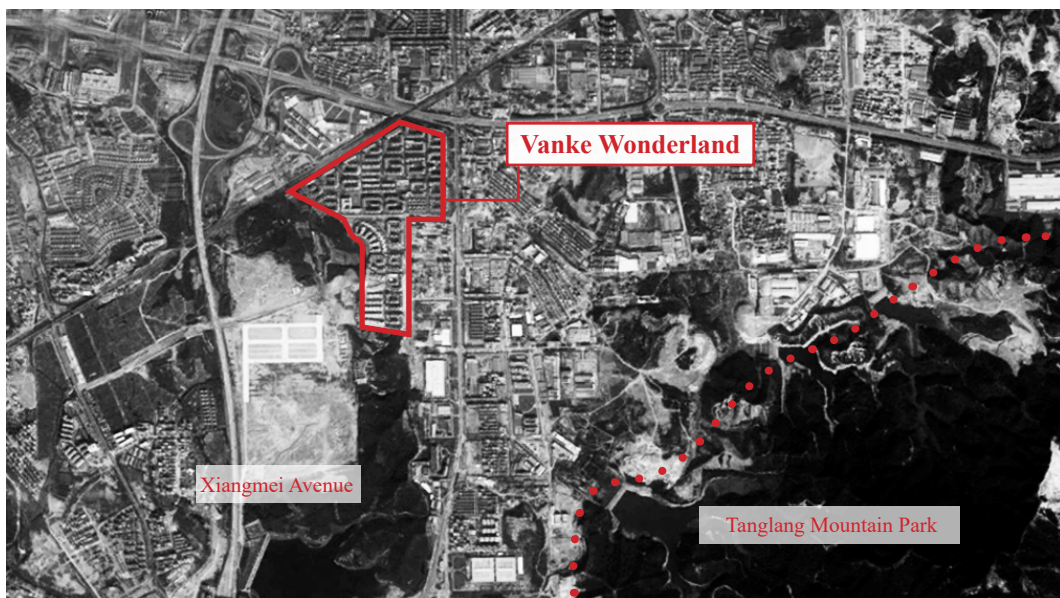


Figure 6.3.2: Location of Shenzhen Vanke Wonderland. Satellite Image of Meilinguan community in 2003 (Source: Elaboration by the author, retrieved from Google Earth Pro).

Moreover, on the north-west the site lied beside the railway so that represented an acoustic problem for the rising community.

However, the area was already included in the new master-plan of Shenzhen expansion and city development.²⁸ Such transformations brought thus housing properties to rapidly rise their commercial value during the years. Indeed, nowadays,

28 Cf. Shenzhen Plan of 1994-1999.

车体正面平面图



车体效果图



车体侧面平面图



Figure 6.3.4: Application of Vanke Wonderland graphic material to internal transportations (Source: Brand identity of Vanke Wonderland, 2004).

in areas of the city, that were still undergoing renewal processes. At the time when Vanke Wonderland came into being, the *Journal of Architectural Engineering* reported that there was the need to raise the quality of suburban areas, that suffered of incomplete support facilities and security issues (Chen Fang, 2001).

In order to respond to previous cited demands, the project emphasized the concept of the “thematic community” which relied on some slogan such as “here is a beautiful and happy place” and “we wait for you to go home and enjoy your life”.³¹ In this regard, Vanke Wonderland marketing material communicated also the immaterial offer of a full-fledged and packaged lifestyle and daily activities services for upcoming residents, which were fully organized and managed by Vanke Club and Vanke Service Co. Ltd. Moreover, many urban elements within the estate, such as lamps, stands, benches, but also transportations, were mocked up adopting Vanke Wonderland graphic materials, so as to enhance the identity of the place and its community.

In other words, the property advanced the concept of the “comprehensive development” in a newly renovated manner. Within the the residential estate, it

31 In Zhu, S., 2003. Four Seasons Flower City Dialogue. Vanke Weekly 428. Available at <http://www.vankeweekly.com/?p=70931> -

万科四季花城——给孩子一个美好的童年



孩子们在这里 分享着快乐

在四季花城，孩子们从来不缺欢笑。

长长的滑梯，

或门前的沙堆，总是洋溢着欢笑。

放下书包，孩子与孩子，转眼成为快乐的伙伴。

一个苹果，一只风筝，

都亲密地共同分享。

在四季花城温暖的怀抱里，

孩子们尽情欢笑，家就在身旁。

四季花城六期正绽放
每一个孩子心中的欢畅。



四季花城第6期全新示范单位展示中



万科四季花城，缤纷六月系列活动：

6月1日：“龙耀杯”少儿足球精英赛

6月9-20日：参观利顺德故居世界，“儿童与自然”三九绿色健康行

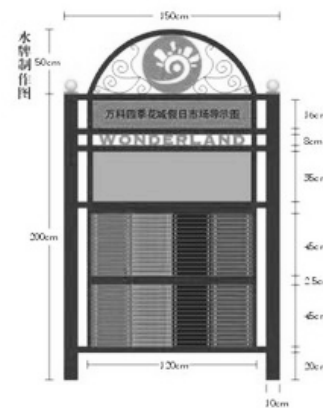
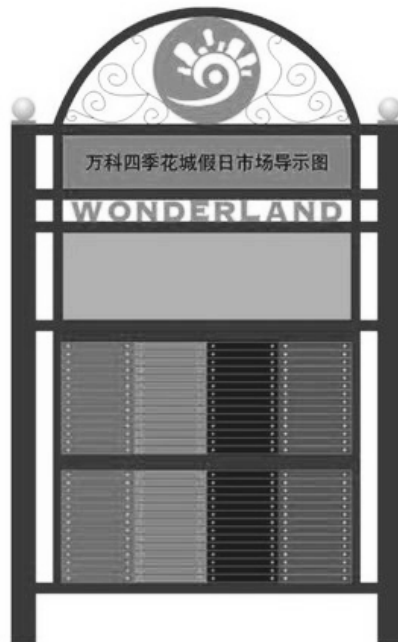
6月童城活动：1. “趣味世界杯”足球赛 2. 火眼金睛寻宝

VINKE 万科地产 花城热线：8775555 8775880

万科四季花城六期全新示范单位展示中

Figure 6.3.5: Advertising of Vanke Wonderland (Source: Advertising Brochure of Vanke Wonderland, 2004).

水牌实景图



is so possible to find a kindergarten and a primary school, hospitals, a Vanguard supermarket, banks, post-offices, fully completed commercial and entertainment streets, and many more elements that should impart to residents the idea to receive a fully organized and comfortable urban life. The final selling idea of Vanke Wonderland was to make home buyers believe of living in a “small city” full of services, urban amenities and vitality.

155

Customer profile	Brand value proposition	
Middle class families “Ordinary people”	Brand attributes	Brand core values
	Comprehensive services provision	New way of urban life
	Courtyard urban design Large scale community	Happy family/community Playfulness and comfort
Marketing channels		
Newspaper advertisement; real estate brochures; Vanke customer club; dedicated websites		

Table 6.3.1: Resume of marketing features of Shenzhen Vanke Wonderland (Source: Elaboration by the author)

in the United States,³² the selling points, in the Chinese version, were “playfulness” and an alleged new “way of life” (Wu, 2009). Those became a set of values that were sold to newly rising middle classes, as opposed to the “boring” and “ascetic” spatial and social organization imposed by the work unit system in the Maoist Era.

According to an article on *Vanke Weekly*, Miss Che Weiqing was in charge of the marketing department of Shenzhen Vanke Wonderland, as the same she had been for other important projects such as Vanke City Garden, Vanke Forest Hill to name just a few. The same source reported that Miss Weiqing spend a year, in 1996, to study abroad where she was fascinated by the European architecture and urban design. The story is that she was able to bring some Vanke’s managers and designers to visit European small town and grasp their essence for the future development of Vanke Wonderland.³³ Indeed, in another article of *Vanke Weekly*, Miss Weiqing revealed her desire “to incorporate the most beautiful things into the architectural culture and present it to her compatriots, so that they can enjoy an elegant and cultural living environment”. However, contrary to many other real estate projects which advocated Western inspirations only in terms of *yangqi* (meaning foreign flavor or taste) (Zhang, 2010, p. 83), Vanke’s narrative for Shenzhen Wonderland strengthened further on planning issues.

All the marketing work behind Vanke Wonderland permitted Vanke to show a more concrete idea of the “good life”. Along this line, Vanke was selling a new attention to people through the idea of a more human oriented architecture and planning concepts. The idea was then largely celebrated by home buyers and other stakeholders so that Vanke Wonderland had been awarded the first *China’s Harmonious Living Innovation Award*, released by the Ministry of Construction (The First China Harmonious Living Innovation Award, 2007).

32 It refers to neo-traditionalist urban design, originally proposed by Duany and Plater- Zyberk (1993)

33 Informations on Miss Che Weiqing were assumed from Vanke Weekly n.347

6.3.3 Design of the estate

The general master-plan of the estate features a human scale networks of pedestrian streets and a complex arrangement of micro-neighborhoods, made of three to four building blocks that share enclosed courtyards (Figure 6.3.7). Above elements aim at being distinctive elements of the “new urbanism” tradition and in this sense they reflect the marketing action of Vanke Wonderland. The same goes for the presence of conspicuous and differentiated set of urban elements that have been conceived to broadly remember the urban system of a “small town”.

A central axis passes through the community and connects the main entrance, situated on the east side, with a north to south semipublic street that sits on the west part of the complex. In the middle of this axis stands a recreational center characterized by the presence of a clock-tower, a typical element of ancient European towns. Many other “semi-public” spaces have been shaped within the roads’ network, owing to the use differentiated street’s sections and urban elements. Following this line, within the planning phase, a strong emphasis was also given to urban design issues, so as to delineate a simulated landscape and a greening system as another selling elements for the project to come.

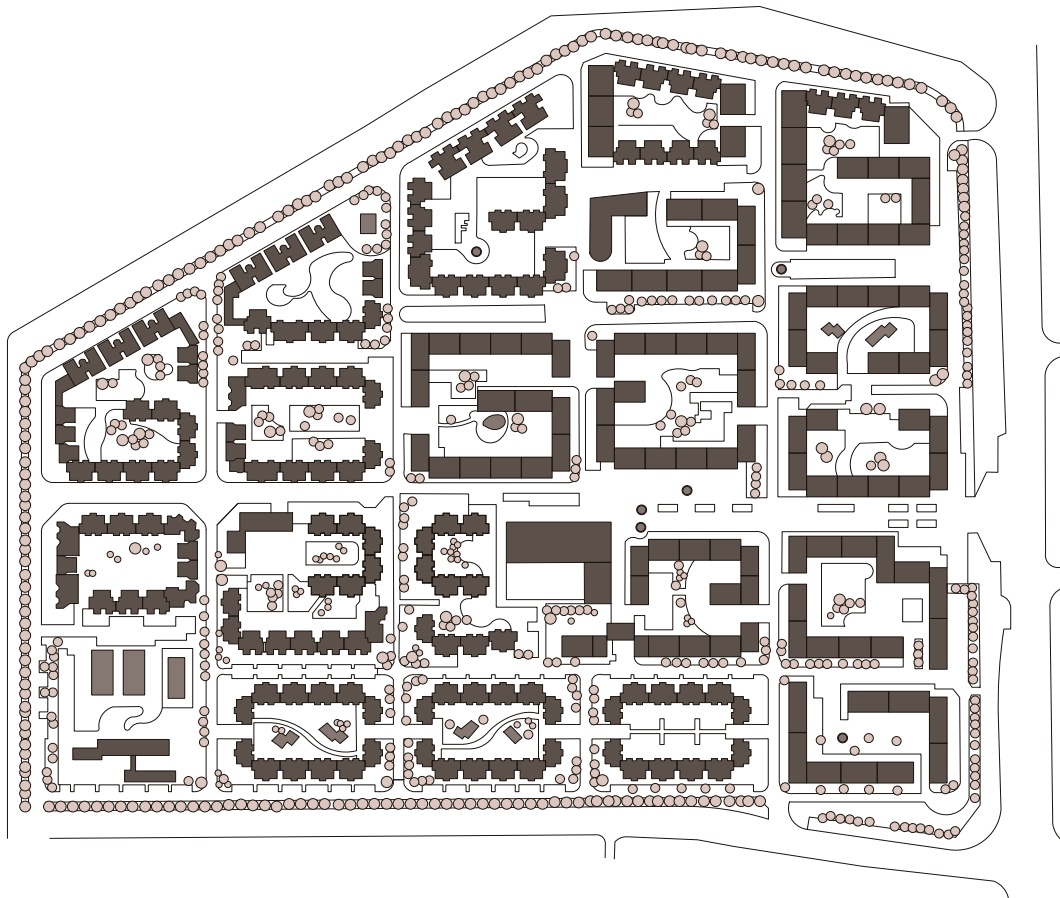


Figure 6.3.7: General Plan of Shenzhen Vanke Wonderland (Source: *Masterpieces of Vanke 1988-2004*, 2007)

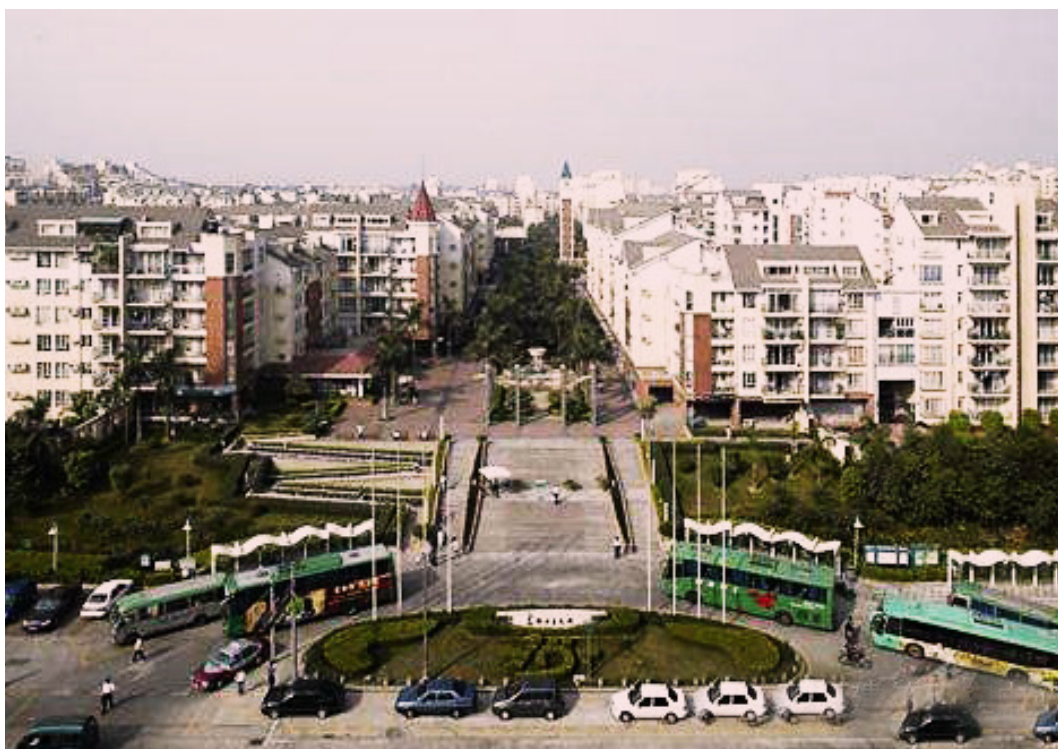


Figure 6.3.8: Picture of Shenzhen Vanke Wonderland principal entrance (Source: <http://photo.house.qq.com>.)



Figure 6.3.9: Picture of Shenzhen Vanke Wonderland recreational center (Source: <http://photo.house.qq.com>.)



Figure 6.3.10: Picture of Shenzhen Vanke Wonderland semi-public space (Source: <http://photo.house.qq.com>.)



Figure 6.3.11: Picture of Shenzhen Vanke Wonderland building facade (Source: <http://photo.house.qq.com>.)

Even the buildings' architecture reveals a request for differentiation and fragmentation of several condominiums. The project is thus composed of low-rise and multi-story housing buildings with different architectural and stylistic features. Facades are made of combinations of gray walls and red brick surfaces, featuring also arcades and colonnades as ornaments.

6.3.4 Apartments' Design

The apartments' floor area vary from 75 to 143 sqm of GFA, featuring two, three or four bedrooms (Figure 6.3.14). In this regard, different units' layout research the fulfillment of young families' needs, with different ranges of affordability. However, apartments' sizes follow also the line, stated by the chairman of Vanke: "Vanke would not make new houses of more than 144 sqm" (Wang, 2017, p. 149). Vanke Wonderland houses' dimensions thus not only considered a new consumers' demand but also a new set of values articulated in the frame of the "new housing movement" (see paragraph 7.3.1).

The entrance of the apartments opens on the living or dining room which are distinct, but linked, spaces of the house. Indeed, the living room functions as a completely independent room, while the dining space is connected to the kitchen and performs as a sieve to the sleeping area of the house. Within those spatial configurations, the dining room offers space to comfortably seat five people around a table but it has not reasonable space for a whole set of furnitures. Within the kitchen, a freezer can only be accommodated if it is combined with a refrigerator to occupy the same floor area. This reduces the amount of worktop to minimal lengths, particularly in apartment C.



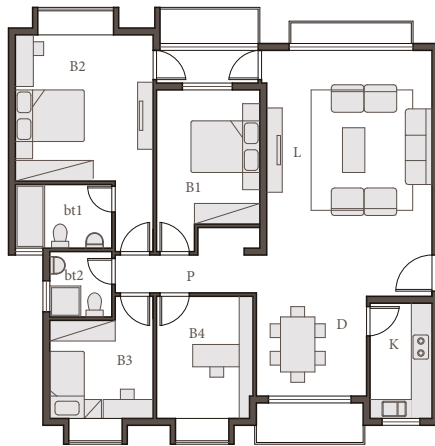
Figure 6.3.12: Picture of the living room in one apartment of Shenzhen Vanke Wonderland (Source: <http://photo.house.qq.com>.)

Within all the apartments, there is no room dedicated to storage, washing machine and tumble dryer. Actually, a small storage spaces is provided only in a recess within the passageway, which presumably contains general cleaning equipment.

Moreover, all the apartments include a small passageway to serve the sleeping quarter of the house. The master bedroom can accommodate either a double beds and two bedside tables, a small wardrobe and a dressing table. Following Chinese living habits, the master bedroom features a dedicated bathroom, except from the smaller apartment (apartment C) which has one single bathroom open to the passage. In apartment C, the second bedroom can not accommodate a double or twin beds without obstructing the opening of the door. It does provide sufficient space to accommodate the minimum furniture specified for a single bedroom dedicated to a young member of the family, but only if the bed is pushed up against the wall. On the contrary, apartment A, which is the bigger one, includes a bedroom that can host a double bed, probably dedicated to guests, and another small room that can be used as a studio. Most of the bedrooms adopt a sort of bow-windows to provide grater natural lighting. Moreover, all the apartments include balconies of different dimensions, providing thus outdoor spaces directly connected to the private space of the apartment.

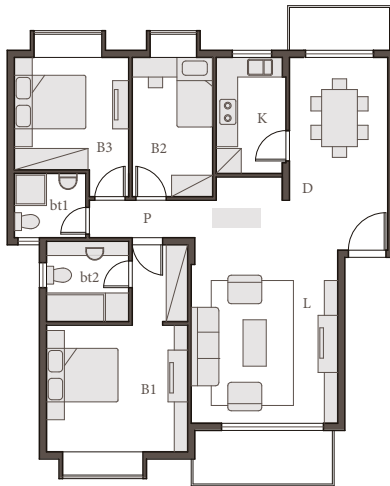
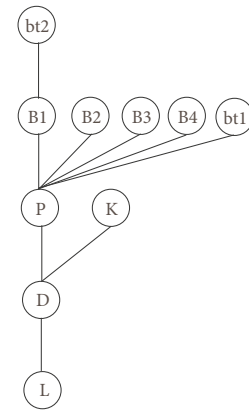


Figure 6.3.13: Picture of the bedroom in one apartment of Shenzhen Vanke Wonderland (Source: <http://photo.house.qq.com>.)



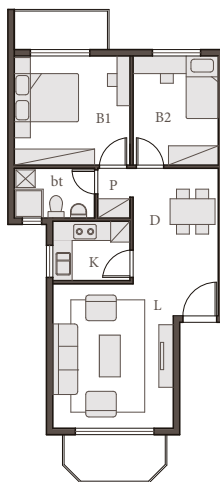
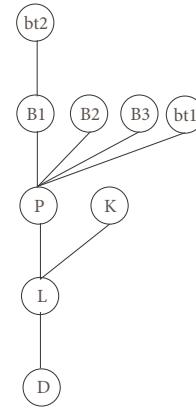
Apartment A

Room	Sqm
L	33,1
D	11,3
K	6
P	3,2
B1	19,2
B2	11,9
B3	9,5
B4	9,7
bt1	5,2
bt2	3,4
Tot	112,4
GFA	143,5



Apartment B

Room	Sqm
D	13,9
L	25,8
K	5,7
P	3
B1	17,5
B2	8,7
B3	10,9
bt1	3,7
bt2	5,1
Tot	94,3
GFA	120,6



Apartment C

Room	Sqm
D	11,5
L	16,2
K	4,4
P	1,5
bt	3,8
B1	12,4
B2	9
Tot	58,8
GFA	71,2

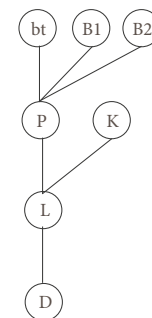


Figure 6.3.14: Shenzhen Vanke Wonderland Houses typologies and dimensions (Elaboration by the author, retrieved from Ren Zhisheng, & Cao Yu, 2002).

6.4 Shenzhen Vanke Forest Hill – 万科温馨家园

Location: Jingtian Community Section, Futian, Shenzhen

Development time: 1999-2001

Design firms: Xiao Nan, Wang Ge, Wei Wei and Sun Wei

Site Area: 20,000 sqm

Plot ratio: 2.99

Green ratio: 0.37



The construction of Vanke Forest Hill started in 1999, in conjunction with the beginning of Vanke Wonderland, another relevant project of the company in Shenzhen (see paragraph 6.3). However, contrary to Vanke Wonderland, which featured a huge construction site, Vanke Forest Hill was developed in a unique phase and it entered the market early in 2001. The total area of the site was relative small, around 20,000 sqm, but the city's master-plan permitted for the zone a relatively high plot ratio of 3.0. This permitted Vanke to build a total gross floor area of 59,800 sqm (Masterpieces of Vanke 1988-2004, 2007, p. 23). The overall planning and architectural design has been carried out by Xiao Nan, Wang Ge, Wei Wei and Sun Wei, a small group of local architects and urban designers.

6.4.1 Site location

Shenzhen Forest Hill is situated at the base of “Tanglang Mountain Country Park” in Shenzhen, which represented a relevant sort of inspiration for the project design and branding strategy. So, the natural landscape of the mountain and its rich vegetation suggested the thematic experience of the estate, as well as they represent a material amenity for its inhabitants. Indeed, the natural reserve, covering an area of around 100 square kilometers, is the fifth largest park in the city of Shenzhen and it includes the Shenzhen Botanical Garden, which represents a relevant source of attraction.

Moreover, the site, bordered on the north by the Beihuan avenue and on the east by Xiangmihu Road, is located in the cultural and economic heart of Shenzhen, within the central business district of Futian. The neighborhood includes many working places, as well as cultural and institutional facilities, such as the Shenzhen Library and the Concert Hall, the building of the Shenzhen Development Bank and the Shenzhen Convention and Exhibition Center. The comfortable access to these services has been thus another strong selling point of the project.



Figure 6.4.1: Location of Shenzhen Vanke Forrest Hill. Satellite Image of Shenzhen in 2001 (Source: Elaboration by the author, retrieved from Google Earth Pro).

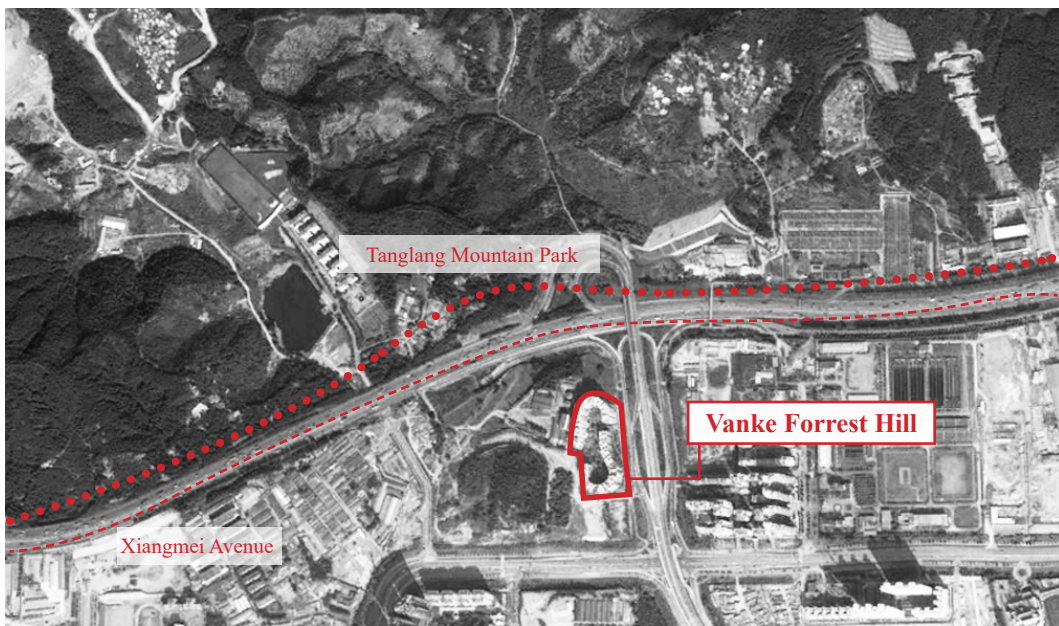


Figure 6.4.2: Location of Shenzhen Vanke Forrest Hill. Satellite image of Jingtian community in 2001 (Source: Elaboration by the author, retrieved from Google Earth Pro).

6.4.2 Marketing and Brand Strategy

The configuration of the area, and particularly the proximity to “Tanglang Mountain” was strongly marketed and the project brand proposition clearly took advantage of its location. The English name of the project directly alludes to the presence of the mountain as a source of inspiration and additional value (Vanke

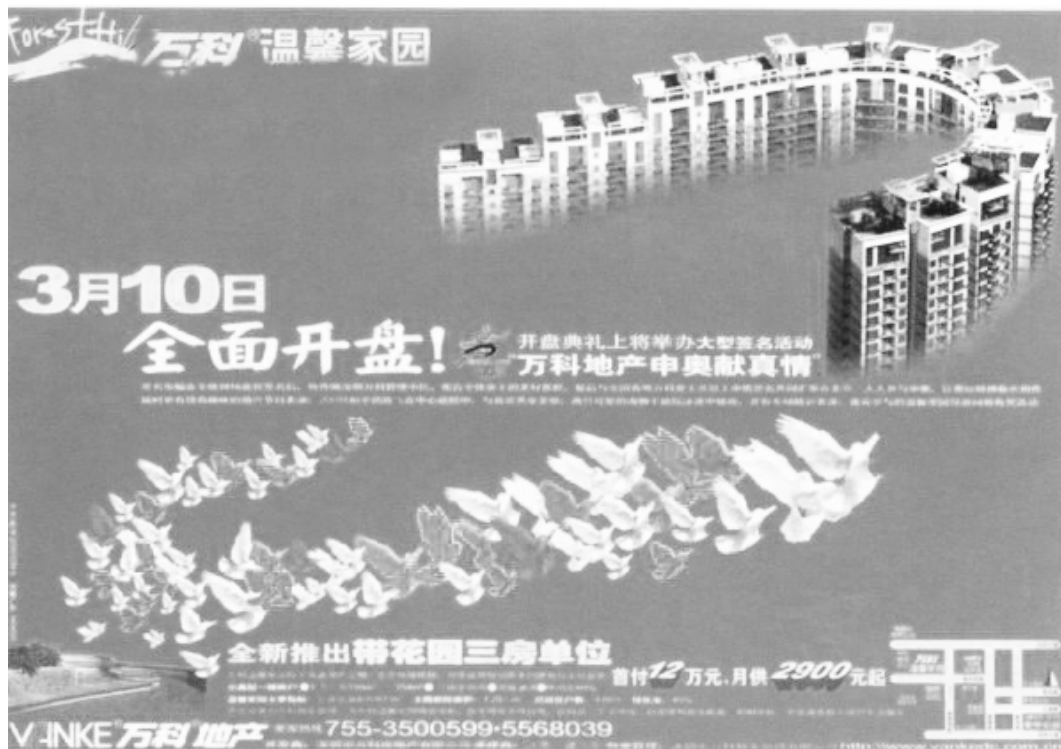


Figure 6.4.3: Written in the middle of the image the core value that characterized the intervention: Green Land for Families - Balance of Family and work (Source: Advertising Poster of Vanke Forrest Hill, 2000)

Forest Hill). The thematic experience of the nature, combining some elements such the mountain, the forest and the water, were important features of Vanke Forest Hill branding characterization and they recurred in advertising materials, which marketed the project as a “nature haven” (Figure 6.4.3).

Indeed, the project was mostly conceived to fulfill the needs of “families who want to enjoy at the same time the conveniences of the urban life and the calm and simplicity of the natural environment” revealed a Vanke sales agent.³⁴ The launch of the project attracted mostly young families, and previous mountain homeowners seeking city addresses. The high success of the projects made thus pricing escalated throughout the first year of sales, when the first line of buildings were offered for sale.

Newspapers advertising and real estate brochures were used as the main marketing tactics. Thereafter, the Vanke Real Estate Customers’ Club has been adopted as another important communication channels with possible consumers, particularly to attract people who want to invest on another Vanke’s property and to improve the word of mouth as another relevant source of advertising.

34 Interview with Niu Xing, Vanke sales Manager of Vanke Forest Hill, during a visit in site on November, 22nd 2017.

Customer profile	Brand value proposition	
Middle class families “Ordinary people”	Brand attributes	Brand core values
	Proximity to Tanglang Mountain Inclusion of the natural landscape	Living the nature Happy family/community Modern/urban life
Marketing channels		
Newspaper advertisement; real estate brochures; Vanke customer club; dedicated websites		

Table 6.4.1: Resume of marketing features of Shenzhen Vanke Forrest Hill (Source: Elaboration by the author)

6.4.3 Design of the estate

The access to the gated community faces on a planar pave, which functions as a filter to Xiangmihu Road, and it accommodates both a car and two pedestrian entrances. The underground parking is arranged at the same level of its ingress, fulfilling the configuration of the terrain given by the slope of the mountain. The overall landscape and environmental design of the property is also shaped on the natural topography of the site, following the different heights of the terrain. In this sense the mountain functioned both as a sort of inspiration and an environmental element that mold the urban design of the compound.

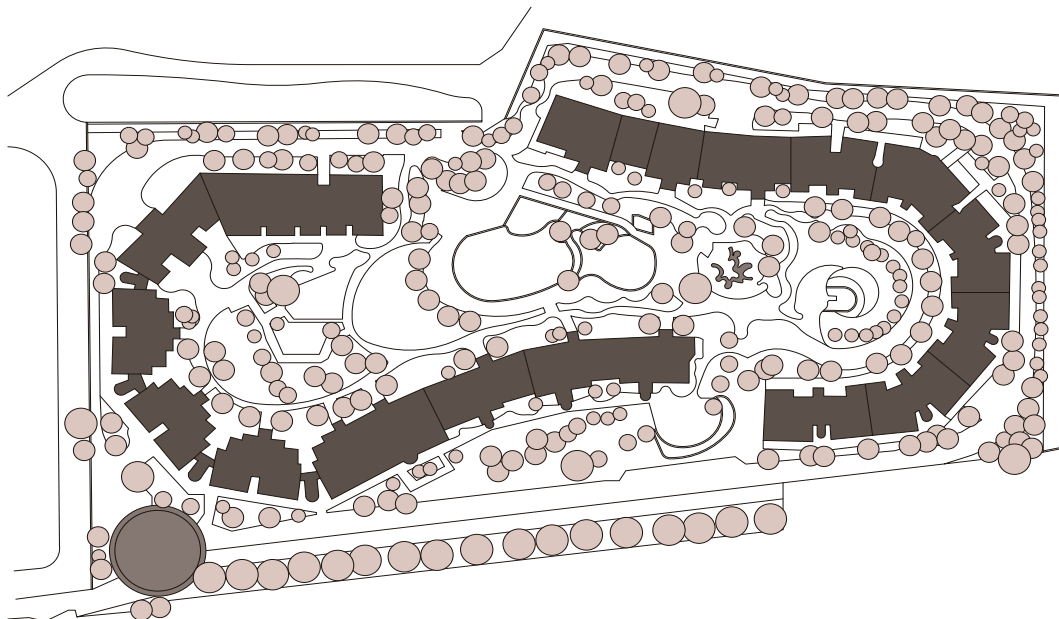


Figure 6.4.4: General Plan of Shenzhen Vanke Forrest Hill (Source: Elaboration by the author based on Sun Wei, 2001).



Figure 6.4.5: Picture of Shenzhen Vanke Forrest Hill central pool (Source: picture by the author)

A small and organic pathway, which form a sort of natural promenade, connects the pedestrians entrances to the central core of the estate and to the higher scenic area, situated north of the estate. The central and spacious garden is closed by the arrangement of the housing blocks in two specular organic lines (see Figure 6.4.4). In this manner, the core of the compound is organized to function both as living space and as a scenic garden to be viewed from the windows of the different apartments (Figure 6.4.5). Given the natural conformation of the terrain, the courtyard, as well as the water basin which stays in its middle, are organized on different levels. This permits to create a set of separated spaces according to the functional program and the demographic structure of the residential community. For instance, the water reserve combines in an organic and unitarian element the large swimming pool for adults inhabitants, the children's melting pool, the pool with jacuzzi for aging people, and the natural pond decorated with lotus plants. Moreover, different water levels gives thus the occasion to create a sequence of small sized waterfalls which characterize the courtyards not only at the visual level. "The sound of the water



Figure 6.4.6: Picture of Shenzhen Vanke Forrest Hill principal pathway (Source: picture by the author)



Figure 6.4.7: Picture of Shenzhen Vanke Forrest Hill internal courtyard (Source: picture by the author)



Figure 6.4.8: Picture of Shenzhen Vanke Forrest Hill central pool (Source: picture by the author)

makes the courtyard quiet and add a note of natural vitality” claimed the designer in the *Journal of Architecture* in 2001 (Sun Wei, 2001).

Even the composition of edifices follows the organic and circular shapes of the landscape design. More precisely, building blocks are composed by two continuous smoothed bases, which hosts commercial and recreational activities, and a series of parallelepiped building on their top (Figure 6.4.6 and 6.4.7). The higher portion of the building draws thus a fragmentary line where the conjunctions between a block and another accommodate the stairwells, some balconies or the kitchens in some of the apartments. The heights of the housing blocks also varies according to the altitude of the terrain and the landscape configuration. Tallest buildings are situated on the north and the south extreme of the site and their heights are 16

and 13 story respectively, while the lower housing blocks feature a maximum 8 story. This configuration permitted to ameliorate both sun-lighting and ventilation conditions and the views from different apartments. Moreover, heights differences, between a block and another, served also to break the monolithic structure of the compound and thus to make more pleasant and charming the external appearance of the residential compound.

The design of the external facades puts a special emphasis on the curved glasses that protect the staircases (Figure 6.4.8). These curvilinear elements became thus a characteristic detail of the buildings and together with other components, such as the glass panels of the balconies, the floor slabs and the elevated floor, “give to the estate a modern architectural appearance”, said a Vanke’s publication (Masterpieces of Vanke 1988-2004, 2007, p. 44).

6.4.4 Apartments’ Design

Most of unit sizes vary from 100 sqm for three bedrooms apartments and 130 sqm for four bedrooms ones. However, a small number of 80 sqm and 140 sqm are included in the estate. Differently from many other Vanke’s projects, and generally from usual real estate practices in China, the curvilinear structure of the housing blocks made the units’ layout to be slightly different one from the others, enriching the variety of housing types, even if it surely drove to increase construction costs. “This aspect reflects the spirit of a more visionary and serious design research of Vanke” led to notice the *Journal of Architecture* (Sun Wei, 2001). Despite the variety of situations, the design team tried to give a certain homogeneity for each household, considering that both the background view of the mountain and the view of the enclosed green space of the estate can fulfill different people’s expectations. The organization of individual rooms for single apartments is also organized taking into account the orientations of the house according to the habits of Chinese traditional residential architecture. Particularly, the designers tried to minimize the negative impact of the east-west direction, and to enhance, when possible, the north

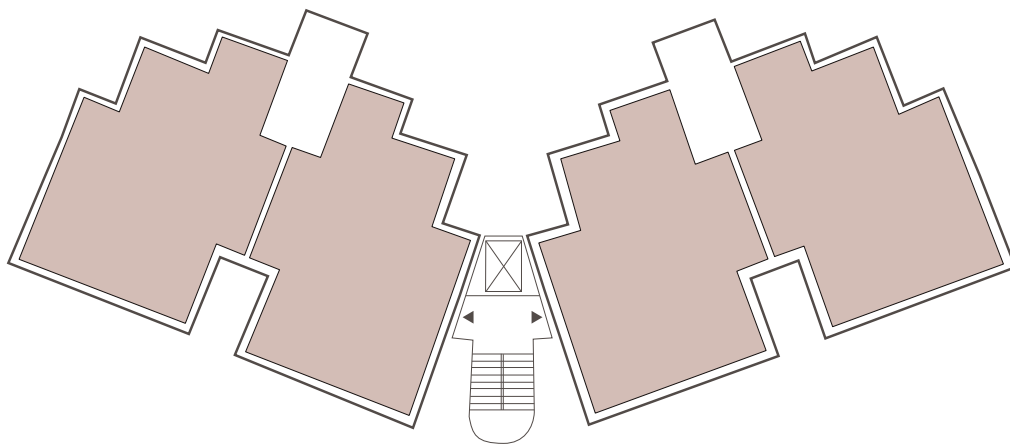


Figure 6.4.9: Apartments disposition within building of Shenzhen Vanke Forrest Hill (Elaboration by the author based on Sun Wei, 2001).

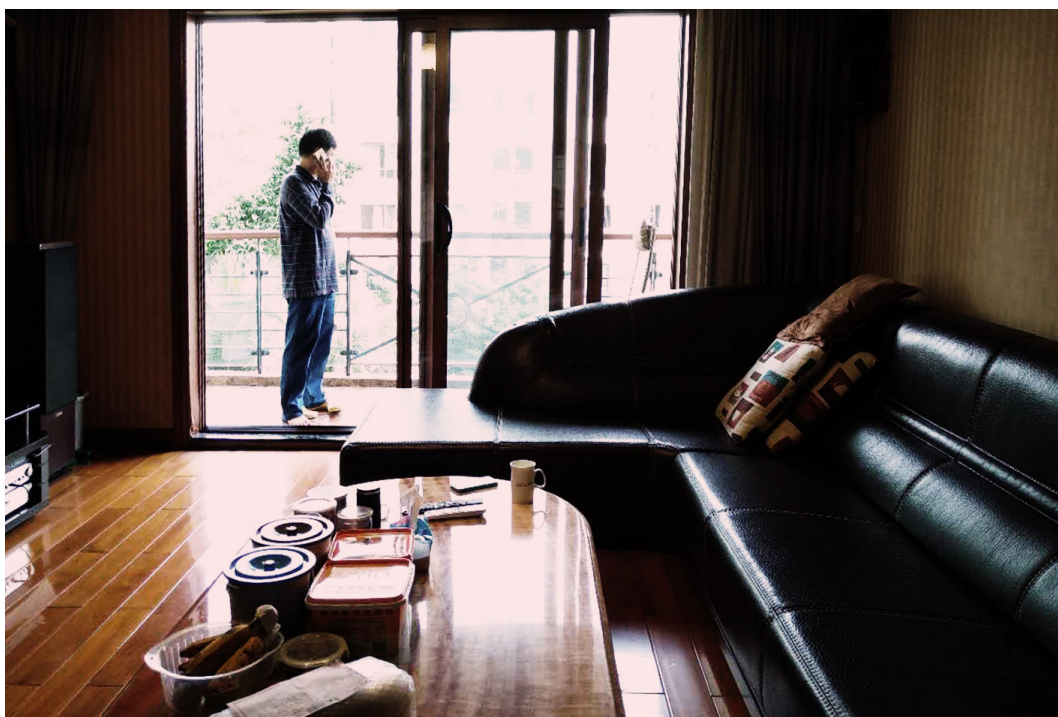


Figure 6.4.10: Picture of the living room in one apartment of Shenzhen Vanke Forest Hill (Source: picture by the author).



Figure 6.4.11: Picture of the kitchen in one apartment of Shenzhen Vanke Forest Hill (Source: picture by the author).



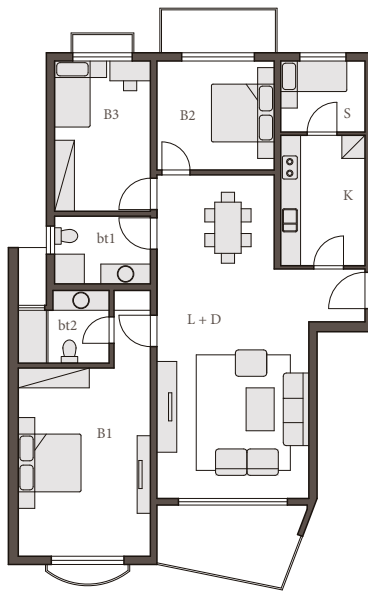
Figure 6.4.12: Picture of the bedroom in one apartment of Shenzhen Vanke Forest Hill (Source: picture by the author).

to south natural ventilation by the intelligent dispositions of the windows.

The entrance to single apartments opens directly on the living room, which as usual serves also as a dining space. The living room features only one exposure, oriented according to the position of the apartment in the overall building structure. Usually it is equipped with a large balcony which can accommodate a table or a lounge. The kitchen is directly connected to the living room, and in some cases becomes the distinctive element of the unit because it is situated on a ledge that features a different orientation respect to the common grid of the apartments (see apartments B in Figure 6.4.13). Thereafter, the kitchen in larger apartments is supplemented with a storage room and it can accommodate a table.

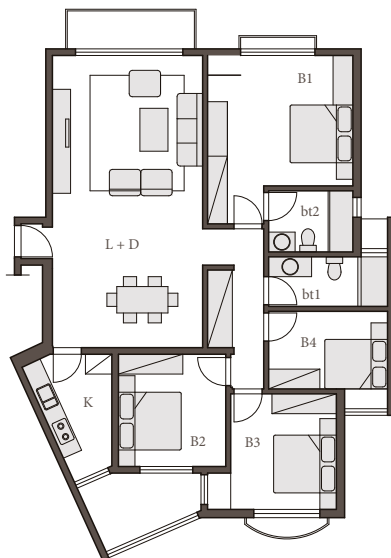
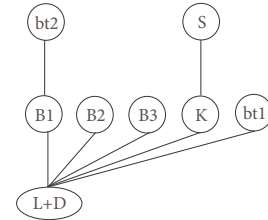
A part from the unit type B, there is no a passageway within the other apartments. All the bedrooms and one bathroom are grouped around the living room, thus permitting to increase the usability of the commercial space. Even the corridor in apartment B is small and it is conceived as a storage facility.

Following the common habits of Chinese families, the larger bedroom (master-bedroom) hold a dedicated bathroom. The other bedrooms are generally enough big to accommodate a double bed and a closet. When the room is equipped with a single bed, there is also space both for a closet and a desk.



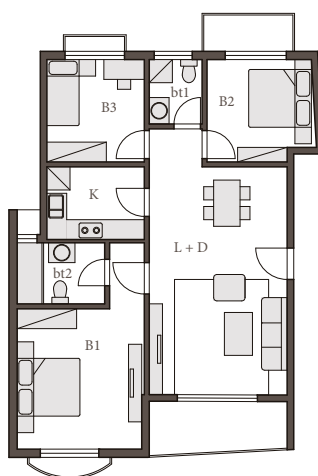
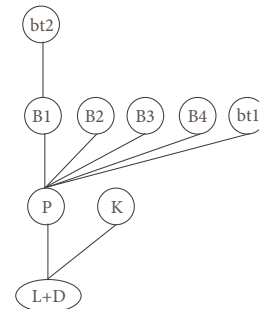
Apartment A

Room	Sqm
L+D	40,2
K	9,8
S	4,4
bt1	5,2
bt2	4,4
B1	24,6
B2	11,7
B3	12,1
Tot	112,4
GFA	139,5



Apartment B

Room	Sqm
L+D	40,1
K	6,4
P	5,2
bt1	5,1
bt2	4,7
B1	19,8
B2	10,7
B3	9,5
B4	8,9
Tot	110,4
GFA	137,2



Apartment C

Room	Sqm
L+D	28,3
K	5,9
bt1	3,1
bt2	4,4
B1	18,2
B2	9,1
B3	8,4
Tot	77,4
GFA	92,4

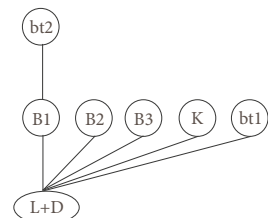


Figure 6.4.13: Shenzhen Vanke Forrest Hill Houses typologies and dimensions (Elaboration by the author, derived from Sun Wei, 2001).

6.5 Shenzhen Vanke King Metropolis – 深圳金域华府

Location: Fenghuang New City, Shenzhen

Development time: 2006-2009

Design firms: Huahui Design Co. Ltd.



Site Area: 76,000 sqm

Plot ratio: 3.00

Green ratio: 0.39

Shenzhen Vanke King Metropolis was developed in the city of Shenzhen. It was the new product of Vanke's "Metropolis" series. The series comprehended other projects under the same name, but also Vanke Eastern Metropolis, Vanke Western Metropolis and Vanke Urban Metropolis to name just a few.

Shenzhen Vanke King Metropolis took place in two phases along three years of design and construction. The overall process started in 2005 and the project hit the Shenzhen market in November 2008. Following local regulations, the estate holds a 3.0 volume ratio, thus featuring a building area of 220,000 sqm on a 76,000 sqm construction site. The green space ratio, which reaches 39 %, is slightly higher than other gated enclaves in the surrounding area.

Shenzhen Huahui Design Co. Ltd.³⁵ was in charge of the architectural and urban design. The design team was led by Xiao Cheng, who had collaborated with Vanke in many other projects such as Guangzhou Vanke Blue Mountain, Tianjin Vanke Dongli Lake and Shanghai Vanke Cloud Legend.

6.5.1 Site location

The project is located in the core of Fenghuang New City, Bao'an district, in the northern area of Shenzhen. Fenghuang New City arose as the partial renewal of Fenghuang Urban Village, an historic site dated to the era of the Southern Song Dynasty. More precisely, the site is bordered on the southwest by College road, on the northwest by Dali Road and on the southeast by Xiangyun Road. On the northeast side stands Changhong Road, which is an important transportation pathway at the city-level and it provides a comfortable transportation route to pass through Tang Lang Mountain. Indeed, the site stands only 7 km away from the central civic center and the transportation is relatively convenient. Thereafter, the project is situated

³⁵ Information about the company are assumed from its official website, available at <http://www.hhd-sz.com/projects-show.asp?id=10>

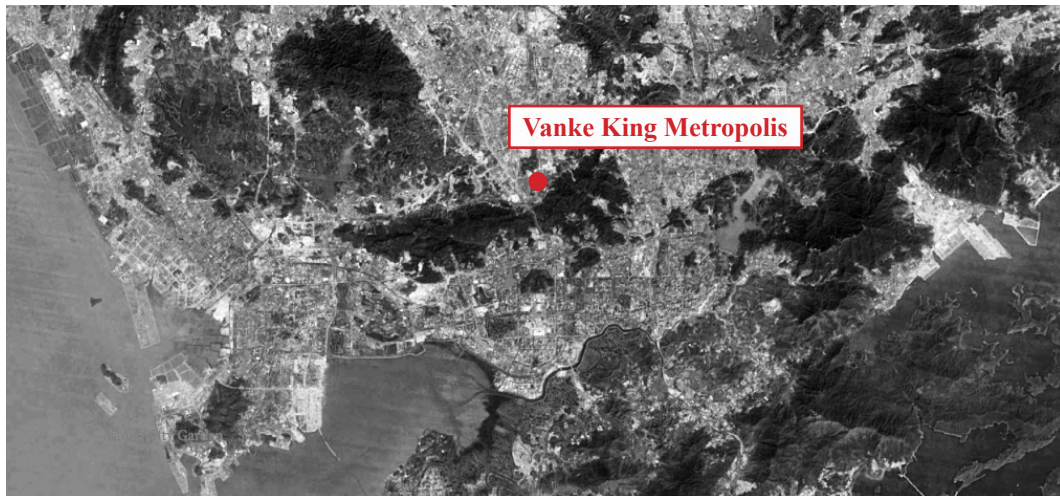


Figure 6.5.1: Location of Shenzhen Vanke King Metropolis. Satellite Image of Shenzhen in 2009 (Source: Elaboration by the author, retrieved from Google Earth Pro).

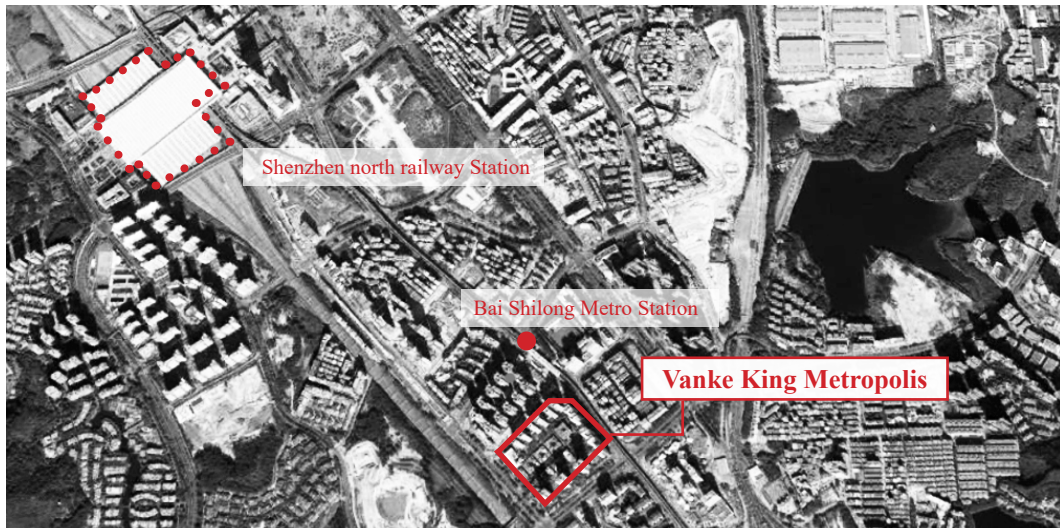


Figure 6.5.2: Location of Shenzhen Vanke King Metropolis. Satellite image of Fenghuang new city in 2009 (Source: Elaboration by the author, retrieved from Google Earth Pro).

near the Bai Shilong metro station on the red line and the Shenzhen North Railway Station is only one stop away.

When the project came into being the land use and the surrounding facilities had not been fully improved yet. In this regard, both the designers' team and the developer's one clarified that "the area will be greatly improved in the next few years" (Xiao Cheng, & Yan Zhonghui, 2009).

6.5.2 Marketing and Brand Strategy

The entire planning phase, which required one and a half year to be finished, sought to emphasize the products' individuality and to embody the value of originality. The project can indeed be considered as "a work of detailed and exquisite taste",

declared the brochure of the project (Branding Brochure of Vanke King Metropolis, 2006). Thereafter, the project branding proposition relied on the association of the project with cultural values and imagery that revoke sophistication, culture and a signature of oriental taste. Communication with customers thus relied on the implicit association of these characteristics with the ideal profile of future inhabitants.

According to the brand presentation, the project aimed to connect emotionally with a precise consumer profile made of “intellectual urban women and business men, pursuing high level careers” (Branding Presentation of Vanke King Metropolis, 2006). Those are thus intended to express their status through their exclusive taste in consumption practices that include living in Shenzhen Vanke King Metropolis. Following this line, the promotional material comprehended some slogans such as “Women who have a good taste, and they are also beautiful women, often choose bright symbols, such as Vanke King Metropolis” (Branding Presentation of Vanke King Metropolis, 2006). Through this storytelling the brand aims at expressing its “charming personality”.

However, the customers target is more variegated than what the presentation suggests. Indeed, the gated community aims at hosting different social targets, through differentiation of housing typologies. In this regard, the designers clarified: “we have also achieved a win-win situation between social and economic benefits and almost all products have received good market feedback” (Xiao Cheng, Yan Zhonghui, & Deng Weiquan, 2015). Different social targets were then associated to innovative product lines, from the Vanke’s “LOFT” to the idea of “urban villas”, which became important branding attributes expressed by the marketing staff.

The location of the site represented another attribute communicated in the marketing material, which indeed emphasized the future vision for the area. “The



Figure 6.5.3: Expression of the idea “The Charm of the City” (Source: Advertising Poster of Shenzhen Vanke King Metropolis, 2009).



Figure 6.5.4: Advertising Material of Vanke King Metropolis (Source: Branding Brochure of Vanke King Metropolis, 2006).

Figure 6.5.5: Advertising Material of Vanke King Metropolis (Source: Branding Brochure of Vanke King Metropolis, 2006).

future is already under the eyes” is written on an article about the project design (Xiao Cheng, & Yan Zhonghu, 2009). The housing estate is indeed situated in a core area of Shenzhen second-line expansion, exploiting the economic prosperity of the docks, and the most advanced sport facilities in the city. The vision for the area was not so expressed only by Vanke but also from the city of Shenzhen. The appearance of the project is thus presented in the promotional material, indicating future scenarios of Fenghuang New City. Another standing point of the property location was also represented by the proximity of some natural resources, such as Niuzi Reservoir, the Baiguanpu Langshan Mountain, and the Meilin Mountain Country Wilderness Mountain Lips. Vanke’s brand presentation clarified that “you can spend your leisure time immersed in the closer nature where you can hear the sound of birds and feel the wind of the mountain” (Branding Brochure of Vanke King Metropolis, 2006).

Customer profile	Brand value proposition	
	Brand attributes	Brand core values
Mid-to high end urban families Couples without any children	Urban Renewal of historic site	Sophistication
	High architectural quality	Charm
	Mixité of housing typologies	Oriental taste
Marketing channels		
Newspaper advertisement; real estate brochures; Vanke customer club; dedicated websites		

Table 6.5.1: Resume of marketing features of Shnzhen Vanke King Metropolis (Source: Elaboration by the author)

6.5.3 Design of the estate

The project’s design aimed at creating a balance between high construction density and high living and urban quality. Indeed, the estate holds inside a mixed types’ portfolio, which reflects its hybrid living model. A total of 1,030 households were organized in several housing typologies comprehending: high-rise buildings, scene-conditioned courtyard houses, and lofts.

The design team stressed the importance of a neat spatial planning to make low-density typologies coexisting harmoniously with high-rise residential buildings (Xiao Cheng, Yan Zhonghui, & Deng Weiquan, 2015). Essentially, the urban planning follows a typical Vanke’s program in the organization of mixed residential communities. Indeed, the combination of high rise and low rise typologies has been a common practice in many Vanke’s projects, particularly after the introduction of

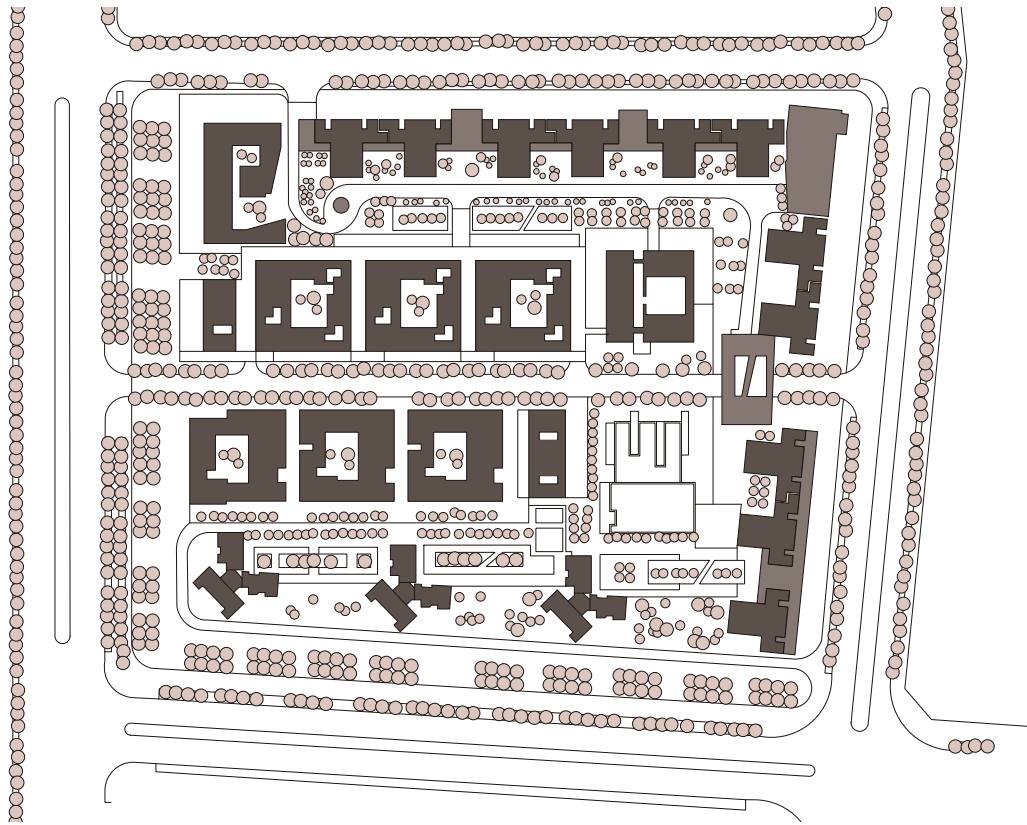


Figure 6.5.6: General Plan of Shenzhen Vanke King Metropolis (Source: Elaboration by the author based on Xiao Cheng, Yan Zhonghui, & Deng Weiquan, 2015).

the well-known 70/90 policy,³⁶ approved in 2005 (see paragraph 7.4). As typical of those real estate projects, the disposition of tower blocks (high rise buildings) is arranged around the border of the plot. Following the orientation of the site, the southern area is free from obstructions and the high towers are organized along the other sides of the compound. Low rise buildings are then positioned in the middle of the site and integrated with the composition of the landscape (Figure 6.5.6).

A primary green axis is located in the center of the estate and it connects the two entrances on College road and Changhong road. The axis bears also the role of dividing the whole area in the two development phases. Two other parallel axes divide the area dedicated to scene-conditioned courtyard houses and the one dedicated to tower blocks. Within the property, vehicles circulation is arranged on the outer side of high rises buildings, while the green axes shapes the way home for pedestrians only.

The internal landscape is extremely designed: four refined wood pavilions shape the same number of thematic spaces; water paths cut green zones, organized as sequences of lines, and several surfaces are made of different colors, textures

36 Clause 2 of the new regulation, dated 24 May 2006, later referred to as Law 70/90, stated that 70% of the approved floor area in a real estate project has to be built in apartments with a GFA of less than 90 sqm (Cao, 2015).



Figure 6.5.7: Picture of Shenzhen Vanke King Metropolis principal entrance (Source: picture by the author)

and materials; a big central water pond is obtained from the cut out of fine teak and polished concrete floorings.

The design team clarifies that the overall composition of the project, from the planning of the landscape to the monolithic design of the buildings, was molded around the concept of the “square layout” (Xiao Cheng, & Yan Zhonghu, 2009). The outline of the “square” became thus a geometric tool which gave strong coherence and integrity to the project. At the same time, it was adopted to provide a certain proportion of personalization in different housing typologies and to enrich their spatial forms.

The courtyard houses adopt an upgrading and mutated version of the “scene-conditioned houses”³⁷, one of Vanke patent products, which was firstly experimented by the same design team in Guangzhou Vanke Blue Mountain. The typology of the courtyard houses, which appositely reminded the Chinese housing tradition, was treated in contemporary and urban manner (Figure 6.5.8). The design team revealed that importance was given to the exchange and communication among households according to social needs. Indeed, even if each of those single-family houses has a private small courtyard, to provide better lighting and ventilation more than privacy, but there is also one semi-public “outdoor living room” for each housing block. This space is conceived as a sort of semi-private covered space, enhancing both the privacy of the villa and the sense of belonging into the courtyard. The facades are simple, essential but also dynamic. The external walls are made of bricks and

37 “Scene-conditioned houses” has been one of the first product patent by Vanke in 2002 (see paragraph 7.2.2).



Figure 6.5.8: Picture of Shenzhen Vanke King Metropolis Urban Villas (Source: picture by the author)



Figure 6.5.9: Picture of Shenzhen Vanke King Metropolis high rise buildings (Source: picture by the author)



Figure 6.5.10: Picture of Shenzhen Vanke King Metropolis “LOFT Air Court” (Source: picture by the author)

painted plaster. Glass is used for balconies’ rails and wood elements are adopted as shading system. These elements generate a composition of irregular vertical and horizontal modules, thus giving the buildings a contemporary taste. Courtyard houses are immersed in the landscape of the gated community and this represents a benefit for the overall quality of the project.

The high rise buildings are developed in form of 34 stories tower blocks (Figure 6.5.9). The towers feature a “T” shape and two towers are put side by side to increase the resistance of high-rise buildings to horizontal forces. This produces considerable savings in terms of resources and costs.³⁸ In terms of volume, they represent the more consistent part of the built area because they host almost the 90 % of the total intervention GFA. Moreover, the towers, because of their height, strongly impact the external image of the compound. Furthermore, those high rise buildings, and particularly their basement, represent the urban interface with the outer streets around the housing community. The facades of those artifacts are thus conceived to feature a contemporary and charming outlook, which is composed by the intersection of black and white volumes. The arrangement of voids and balconies is made that the outlines form a sort of large scale “Oriental decoration”.

Between the high-rise and low-rise zones, there is also a “LOFT Air Court” (Figure 6.5.10) that is close to the cube volume, hosting the Vanke’s club and other exclusive facilities. The court features duplex apartments served by an open air corridor, thus creating a unique home experience (Figure 6.5.11).

38 Interview with Chang Li, an engineer working in the Vanke center for research on housing industrialization; The meeting took place in the the China Vanke Housing Research Centre in Dongguan on March, 8th 2017.

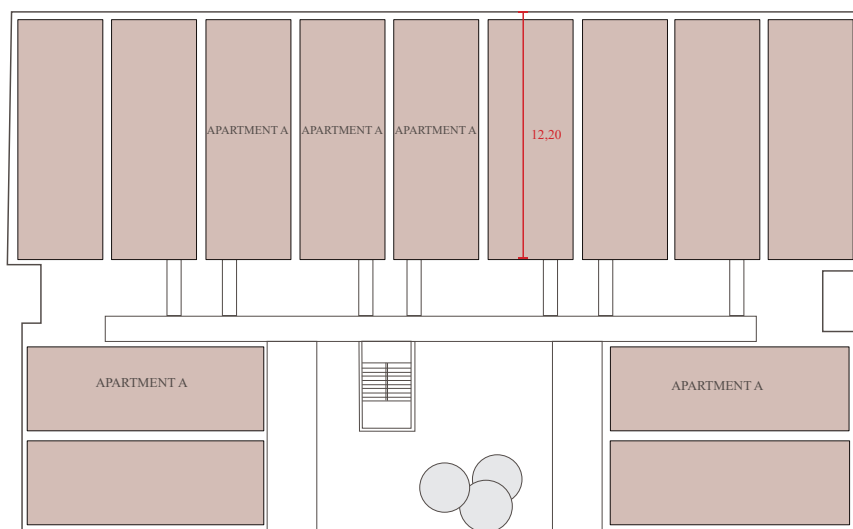


Figure 6.5.11: Loft apartments disposition within the courtyard building of Shenzhen Vanke King Metropolis (Elaboration by the author based on Chen Zhong, & Du Lin, 2011).

6.5.4 Apartments' Design

Intended to be a middle and high-end residence community, within Vanke King Metropolis, single units' typologies and their dimensions are also strongly differentiated. Given the effects of the 70/90 policy,³⁹ as well as Vanke declaration in increasing housing affordability and reducing housing dimensions, nearly the 90 % of the apartments are beside 90 sqm in size. However, in order to increase the profitability of the intervention and raising the overall quality of the project, the remaining 10 % features large and exclusive semi-detached houses which can reach 260 sqm GFA.⁴⁰

The “loft” typology⁴¹ (apartment A) was a recent experimentation in Vanke's product lines, as well as it was a new housing typology recently introduced in the overall Chinese real estate market. In Vanke King Metropolis, “loft” units are about 87 sqm GFA organized on two floors. The single apartment is composed by a small entrance, with a closet on the left and the bathroom door on the opposite side. The bathroom and the kitchen are extremely small and the brand presentation suggest

39 See note 25.

40 Even if those villas buildings are interesting and innovative from an architectural point of view, they would not be accounted in the following analysis, on the one hand because villas types are not considered within the boundaries of my research, on the other hand because they represent a minimum part of the project. The focus would be thus preserved on LOFT apartment and common flats included in high rise buildings.

41 According to the Oxford English Dictionary, “loft” refers to the relatively large generally open space on each floor in multi-story industrial building and Warehouses, or other large building that has been converted into living space. However, after the “loft” became a consolidated living solution in the Unites States, it became also a common typology offered by real estate developers that were usual to develop expensive loft-apartments (cf. Zukin, 1982).

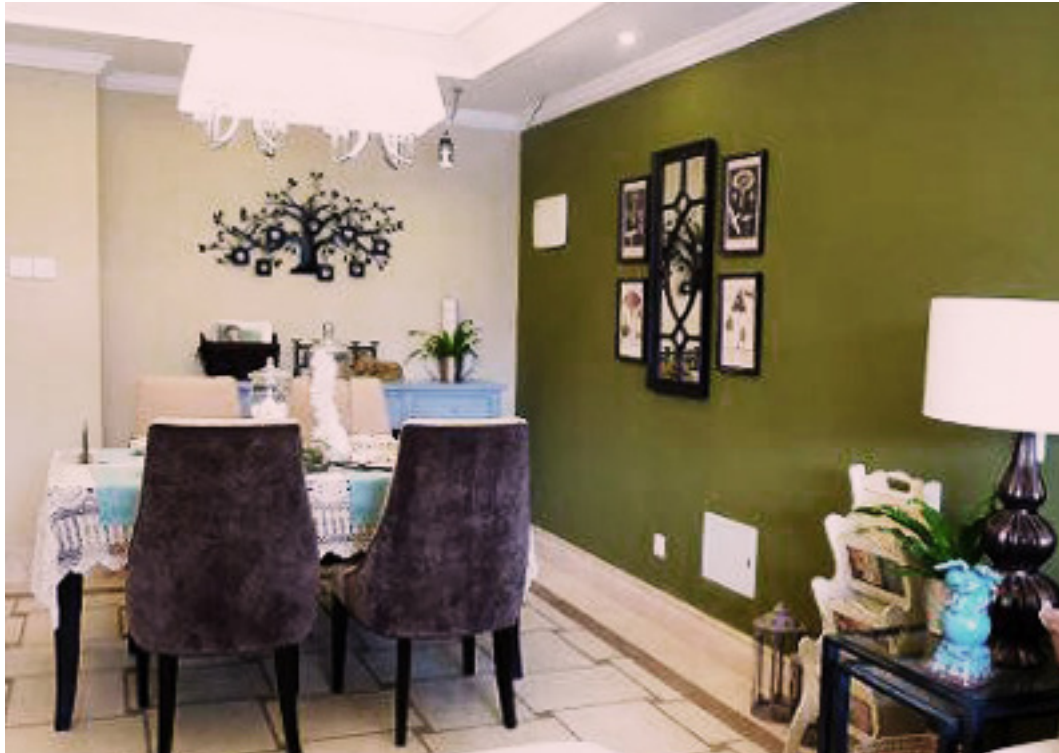


Figure 6.5.12: Picture of the dining room in one apartment of Shenzhen Vanke King Metropolis (Source: picture by the author).

to put the washing machine in the balcony. The living and dining room is a unique large and rectangular space with a large window on the front, which is a particular feature intended to recall the imagery of the “lofts”. Nearly half of the living room feature a double height, thus permitting to enlarge further the dimension of the frontal window.

High rise buildings accommodate two types of standard units which design is based on Vanke long refined and standardized design layouts. In this regard, the design team explained that Vanke’s standard designs “represent one of the core market competitive advantages of the project” (Xiao Cheng, Yan Zhonghui, & Deng Wei-quan, 2015). Apartment B has a total GFA of 84.2 sqm and it is slightly bigger than apartment C (featuring a GFA of 66.4 sqm). Both the apartments include a small entrance with a closet, a typical feature of recent Vanke’s standard layouts.⁴² There is no separation between the living and the dining room and the overall living area is restricted to a minimum standard of about 22 sqm. Only four people can be comfortably seated round the dining table and there is no room for additional furniture without compromising necessary circulation space. The kitchen is very small (around 5.5 sqm) and it features a “L” shape, according to Vanke’s standard designs.⁴³

⁴² Vanke’s entrance standard designs are described by Lu Wei (2016, p. 118-119).

⁴³ Vanke’s kitchen standard designs are described by Lu Wei (2016, p. 172-201).



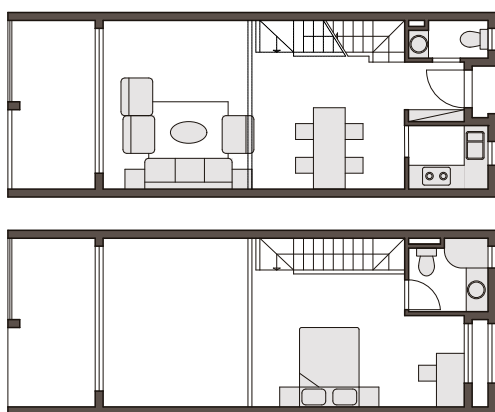
Figure 6.5.13: Picture of the living room in one apartment of Shenzhen Vanke King Metropolis (Source: picture by the author).

Apartment B has two double bedroom and two bathroom. One bathroom opens directly on the main bedroom. The smaller room can accommodate a double beds, but allows little storage room, and there is no clear space for circulation. It can thus functions well as a single bedroom, as well as it can be arranged as a studio. The apartment A differs from type B because it has only one bathroom and the second bedroom can be exclusively used as a single room.

The apartments comprehend also an outdoor space, that in Chinese houses is often called *Kong Zhong Hua Yuan*, which can be translated as “small courtyard” or “sky garden”. The small open space has been often liberally exploited by real estate promoters who consider it only an half (50 %) in the formal calculation of the GFA, according to the document *Ordinance of Urban Real Estate Development and Management* (Cao, 2015). So if official documentations categorized it as being an accessory space, it is often sold as a “room” and therefore as a supplementary surface area in the calculation of the value of the housing unit (Armando & Carota, 2018).

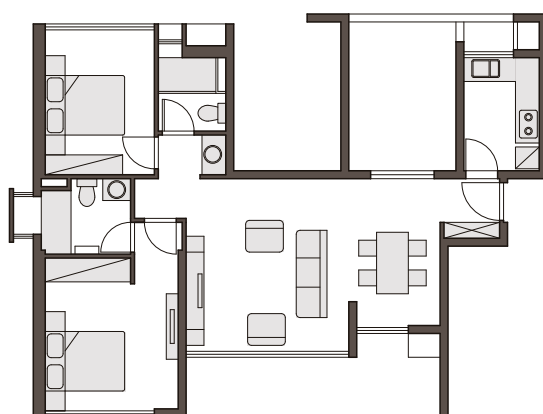
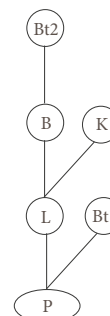
All the apartments have a modern appearance and they feature large glassed surfaces. Moreover, apartments have been provided fully furnished thus increasing the overall quality of the houses.⁴⁴

⁴⁴ In 2007, Vanke started to supply fully decorated units, with the purpose of increasing the product offering in the following years (cf. Paragraph 7.4.2).



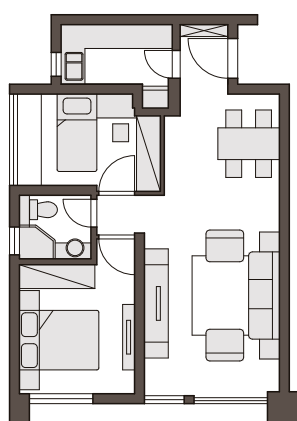
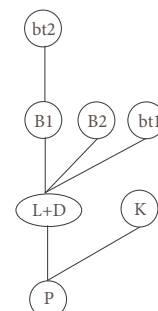
Apartment A

Room	Sqm
P	2,2
Bt1	1,8
L	31,2
K	3,2
B	15,7
Bt2	3,4
Tot	57,5
GFA	78,7



Apartment B

Room	Sqm
P	2,1
L+D	28,4
K	5,4
bt1	4,3
bt2	3,6
B1	13,7
B2	9,8
Tot	67,4
GFA	84,2



Apartment C

Room	Sqm
P	2,1
L+D	25,7
K	4,2
bt1	2,8
B1	10,4
B2	8,1
Tot	53,3
GFA	66,4

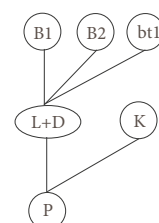


Figure 6.5.14: Shenzhen Vanke King Metropolis Houses typologies and dimensions (Elaboration by the author, derived from Sun Wei, 2001).

6.6 Beijing Vanke Holiday Town – 北京万科中粮假日风景

Location: Fengtai district, Beijing

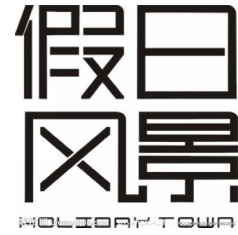
Development time: 2007-2011

Design firms: BIAD (Beijing Institute of Architectural Design)

Site Area: 26,383 sqm

Plot ratio: 1.52

Green ratio: 0.45



On May 11, 2010, the “Urban Housing and Construction Committee” took place in the site of Beijing Vanke COFCO Holiday Town residential estate. In that occasion the project was awarded “Beijing Residential Industrialization Pilot Project” (Xu Zhijun, 2010). Even if the Chinese government largely sponsored the program from an institutional perspective, the project featured a big private component, thus it was jointly promoted by Vanke and COFCO, a huge state own enterprise, which had also cooperated with Vanke before in Guangzhou. Indeed, Beijing Vanke Holiday Town had been only one of the many projects that Vanke developed in cooperation with other enterprises at that time (see Paragraph 7.4.2). More importantly, the residential estate, realized in two phases between 2007 and 2011, was the first project developed by Vanke in northern China adopting industrialized housing techniques.

For the overall design was involved BIAD (Beijing Institute of Architectural Design),⁴⁵ the big state-owned design institute that had been also in charge for the realization of the Vanke’s Research Center in Meinlin Road, Shenzhen (see paragraph 7.3.2).

6.6.1 Site location

The property of Vanke Holiday Town is located in Fengtai district, outer the fourth ring of Beijing in the south-west side of the Chinese capital city (see Figure 6.5.1). As many Vanke’s projects developed in partnership with other enterprises with a previous land bank, the project was thus situated in the outermost parts of the city’s urban fringe. When the project came into being, the site was surrounded by a variegated urban to rural landscape, characterized by the presence of “urban villages”, construction sites and productive activities, mainly heavy industry, which

⁴⁵ Information about the company are assumed from its official website, available at <http://www.biad.com.cn/page.php?id=1&lang=en>

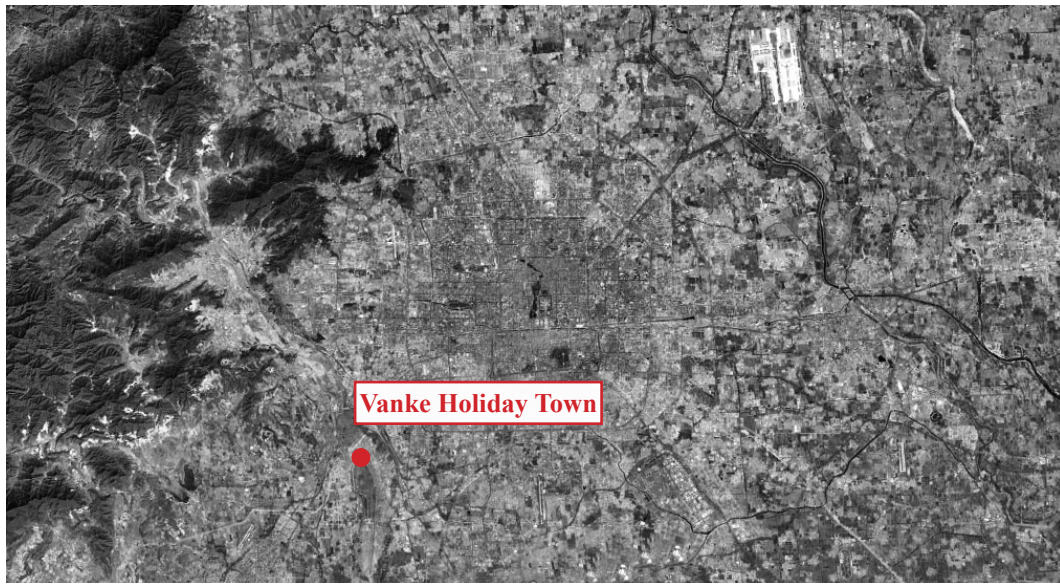


Figure 6.6.1: Location of Beijing Vanke COFCO Holiday Town. Satellite Image of Beijing in 2007 (Source: Elaboration by the author, retrieved from Google Earth Pro).

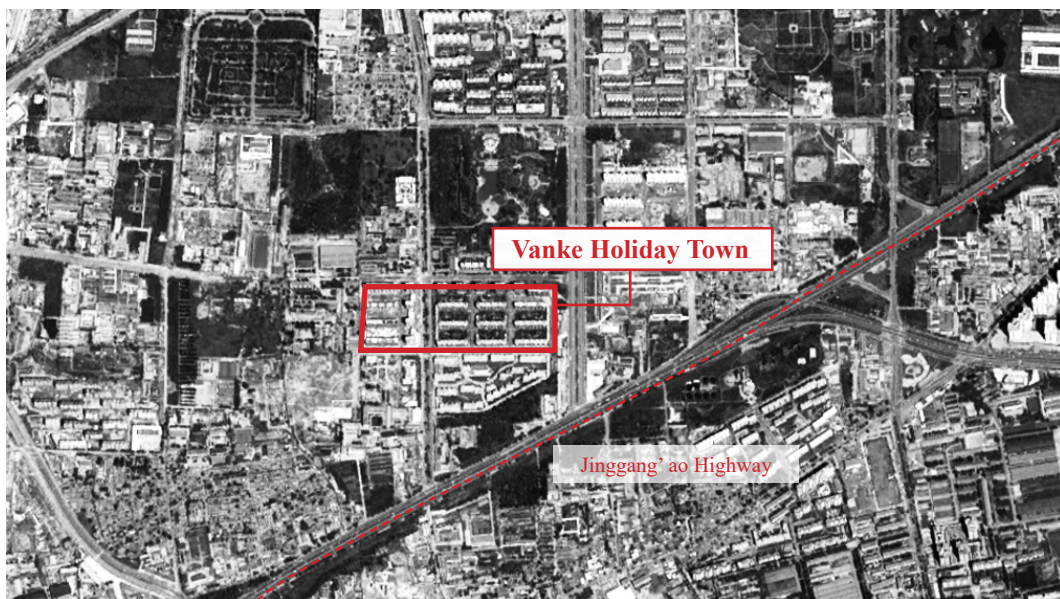


Figure 6.6.2: Location of Beijing Vanke COFCO Holiday Town. Satellite image of Fengtai district in 2011 (Source: Elaboration by the author, retrieved from Google Earth Pro).

continue to be present so far (see Figure 6.6.2). Distance from the urban center and the conditions of the surrounding neighborhood show also up low houses' price when the project came to alive. However, the site can fulfill the proximity of the metro station Guo Zhuangzi and it offers immediate access to the Guang'anmen Outer Street (The Beijing second ring) and Beijing West Railway Station via G4 Jinggang'ao Expressway.

6.6.2 Marketing and Brand Strategy

In 2007, the *Beijing Business Daily* reported a dramatic drop of housing prices in Beijing (Feng Haining, 2008). Vanke, acting as the market leader, was described by the press as the main cause and engine for this decrease of housing prices in China's first tier cities (Hao Qian, 2008). Beijing Vanke COFCO Holiday Town was part of Vanke's wave of cutting housing prices. So, when the project came up in Beijing, it suddenly disclosed discount informations: "all the home buyers can fulfill a 9.6 % discount on the first-time payment and a 9.3 % discount on commercial loans" (Feng Haining, 2008).

The project's communication strategy, which relied mostly on newspapers' advertisements, was explicitly directed to young couples in search of housing opportunity (see Figure 6.5.3). In addition to typical services' arrangement and discounted prices, the promotion highlighted the convenience of fully furnished houses, as one of the main feature of the project. Indeed, approximately when Beijing Vanke Holiday Town has been developed, Vanke was encouraging fully furnished units as its main business model for the future to come (see Paragraph 7.4.2). The concept of fully furnished houses resulted in an important marketing topic for the company and for the project because it can lay claim to enhance the final quality of housing products as well as to be one of the principal drivers of low carbon housing improvement.⁴⁶

Indeed, even if the promotional material did not exhibit the concept of housing industrialization in the eyes of possible consumers, from this perspective the project was extensively marketed in front of other stakeholders. In this manner, Beijing Vanke COFCO Holiday Town was used as a flagship project to exhibit Vanke's housing industrialization program (see Paragraph 7.4.3). From this perspective, the project was awarded and promoted as "National Pilot Project" by Chinese National Government, as well as it was exhibited in Vanke own pavilion at the Shanghai 2010 World Exposition.⁴⁷ Within this frame, the project was associated to ecological values that were expressed through common rhetorical definitions such as "low carbon development" and "green building". Surely, such principles were at the basis of the narrative created around Vanke's housing industrialization program and they began to appear more frequently on Vanke's marketing materials. Indeed, it has actually to be acknowledged that in the same years Beijing Vanke Holiday Town hit the market, Vanke published its first "Green Paper", under the frame of its Corporate Social Responsibility program (see Paragraph 7.4.2).

⁴⁶ According to Vanke's estimations, fully decorated units can reduce material waste, used for decoration, by two tons per each household (Jia, Gosling, & Witzel, 2017).

⁴⁷ Information that connect "Beijing Vanke Holiday Town" to the World Expo and to the concept of Housing Industrialization and Green Building are assumed from Zhu, F., 2010. World Expo and celebrities, famous brands, famous halls. *Vanke Weekly* 566. Available at <http://www.vankeweekly.com/?p=73843> (accessed 29 March 2018).

Customer profile	Brand value proposition	
Low to mid end Urban Couples Couples without any children	Brand attributes	Brand core values
	Housing industrialization Chinese traditional garden Fully furnished houses	Simplicity Ecology Affordability
Marketing channels		
Newspaper advertisement; real estate brochures; Exhibition Center in the site		

Table 6.6.1: Resume of marketing features of Beijing Vanke COFCO Holiday Town (Source: Elaboration by the author)

6.6.3 Design of the estate

Similarly to many other Vanke's projects, in Beijing Holiday Town three parcels of land were developed in separate phases, two as apartments for mixed-income families (blocks 1 and 2), and one as houses dedicated to state workers (block 3) (Figure 6.6.4). Parcels 1 and 2 are divided by Xiaotun West road, which connects the site to G4 Jinggang'ao Expressway. The two separated plots are organized in a series of big scale courtyards shaped by the linear arrangement of fifteen stories residential slabs. Likewise many other residential projects, developed in China's northern areas by Vanke, the overall design features rectangular, massive blocks and a curvilinear landscape design for the garden.

The garden area represents indeed an highly desirable amenity, strongly enhancing the views from the apartments and providing open-air spaces for a variety of recreational activities. The greenery was designed by BIAD, and the design sought to mix Chinese traditional garden elements with modern amenities, including a pool, a wetland, and a sort of upland area. In order to break off the

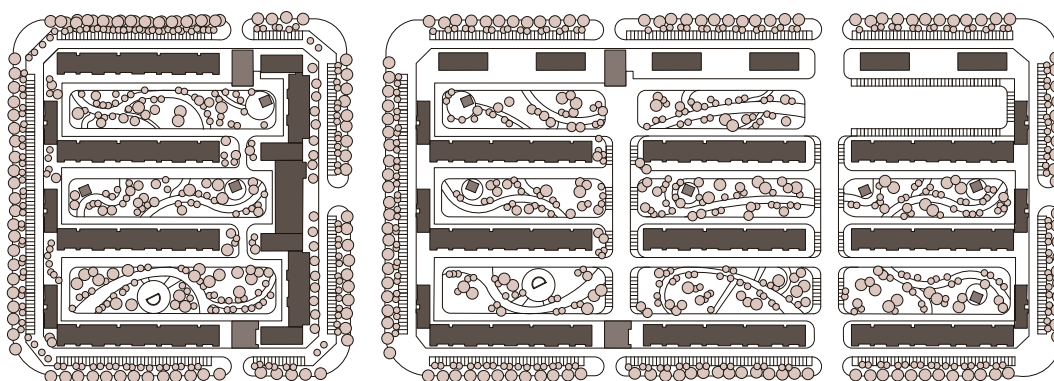


Figure 6.6.4: General Plan of Beijing Vanke COFCO Holiday Town (Source: Elaboration by the author based on Yang Chaoying, 2012).



Figure 6.6.5: Picture of Housing Blocks in plot 3 of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).

monotonous adjacent urban environment, landscape features include also small heights differences, overlooks, stone pathways, gray walls and little pavilions which reinterpret some elements of Chinese traditional architecture (Figure 6.6.6).

All the building blocks were designed by BIAD adopting prefabricated construction techniques advanced by the Vanke Research Center for Housing Industrialization (万科建筑研究中心) (see Paragraph 7.4.3). The project includes prefabricated elements such as integral shear wall structures, stairs, exterior walls, balconies and even covering panels for air-conditioning machines and solar protections (Figure 6.6.7). Prefabricated elements were conceived in order to ensure a better performance rather than traditional on-site construction techniques. For instance, exterior walls feature a sandwich structure made of one rock wool board for thermal insulation (70 cm) and two concrete layers (50 cm per each) which can also ensure one hour fire resistance (Yang Chaoying, 2012). In the descriptions of the project, it was highlighted the precision of prefabricated concrete elements which could effectively match dimensions of industrial windows and doors, favoring time and costs saving in the construction process and guarantee greater insulation and water resistance. A similar precision logic went for balconies and iron rails which connections were carefully designed by the architectural company. “Assembly is the key to industrialization” claimed the BIAD designers team in the *Architectural Creation Journal* (Fan Zesen, Du Peiwei, & Du Juan, 2011).



Figure 6.6.6: Pictures of the internal courtyard of Beijing Vanke COFCO Holiday Town (Source: Yang Chaoying, 2012).



Figure 6.6.7: Pictures of prefabricated construction elements and construction site of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Jua, 2011).



Figure 6.6.8: Picture of housing block in plot 2 of Beijing Vanke COFCO Holiday Town (Source: Yang Chaoying, 2012).

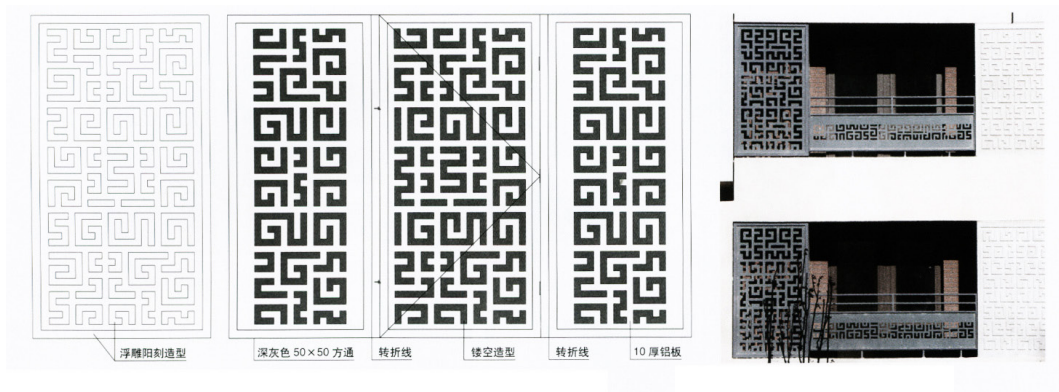


Figure 6.6.9: Picture insulation system of Beijing Vanke COFCO Holiday Town (Source: Yang Chaoying, 2012).

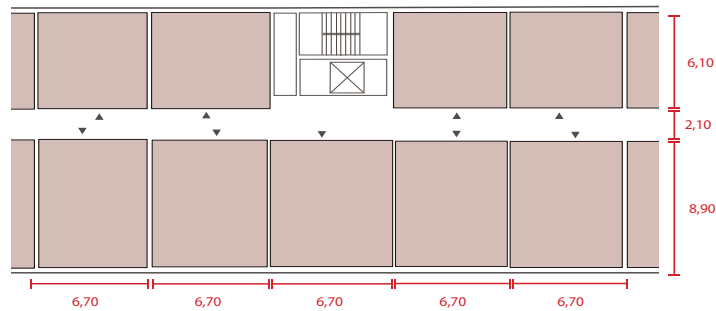


Figure 6.6.10: Small apartments disposition within the plot 3 building of Beijing Vanke COFCO Holiday Town (Elaboration by the author based on Yang Chaoying, 2012).

At the same time, the modularity of the structure, composed by pre-cast concrete walls and slabs, then assembled with concrete joints realized in loco, influenced the compositive idea of the project. Indeed, differently to many Vanke's properties, previously realized, the buildings' facades clearly exhibit the reiteration of a standard structural module (Figure 6.6.8). Moreover, elements' repetition is also visible in solar screens and balconies' railings, which had been specially designed and industrialized for the actual project (Figure 6.6.9).

Prefabricated elements became so an expressive and formal component of the project, wrote again the designers' team: "the project fulfill the repetition of elements to seek the idea of modern simplicity under the framework of Chinese national traditions" (Fan Zesen, Du Peiwei, & Du Juan, 2011).

6.6.4 Apartments' Design

The building blocks, developed in phase 3 of the project, accommodate several lines of small apartments, between 34 and 69 sqm GFA, served by a central walkway (see Figure 6.6.10). These layouts were some earliest trials of Vanke's research on small housing typologies, which the company was also improving for a massive realization of low-rent apartments (cf. Paragraph 7.4.2). In Vanke Holiday Town it seems that those have been developed for two different purposes: on the one hand they were a way for the Vanke to connect with a new generation of young consumers, on the other hand they should also be considered as a strategic decision to face the housing prices' drop that was occurring over the big financial crisis in 2008.

Apartments in plots B and C feature a more usual housing typology, dedicated to families that can afford 70 to 140 sqm total GFA. However, apartments of more than 90 sqm are only a small percentage of the total supply, thus reflecting the recently updated regulation of May 2006.⁴⁸

48 See note 25.



Figure 6.6.11: Picture of the living room in one apartment of Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).



Figure 6.6.12: Picture of the living room in one apartment of Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).

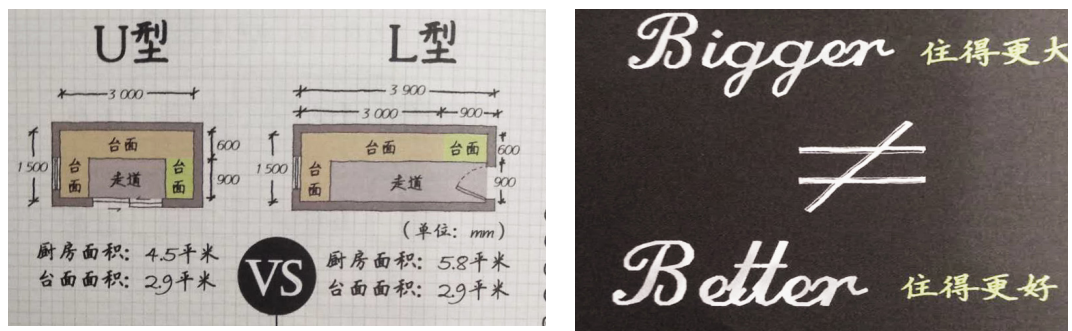


Figure 6.6.13: Studies on Vanke's standard kitchens (Source: Lu Wei, 2016).



Figure 6.6.14: Picture of the kitchen and bathroom in one apartment of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).

Within apartments B and C, the entrance door opens directly on the living room. A standard closet for shoes is situated near the door, thus turning the entrance space in a sort of passage. This spatial element, which had been carefully studied by Vanke's design team, was further implemented and emphasized in apartment A. Living and dining rooms are condensed in a single space, which has a minimum standard dimension of 18 sqm and it features a large opening window that connect the internal space straight to the balcony. Moreover, most of the apartment layouts feature a direct link between the kitchen and the living room, so as to enhance natural ventilation and provide relative spatial flexibility (Figure 6.6.20).

Bedrooms are connected to the living room through a small distributive space, that serves also the bathroom. In apartments B, the same space functions also as storage and laundry, cleverly dedicating a resulting area of the house to this activity.

Such an attention to space configuration, also in shaping singular home ambients, is clearly perceivable and it should be particularly addressed to the fact

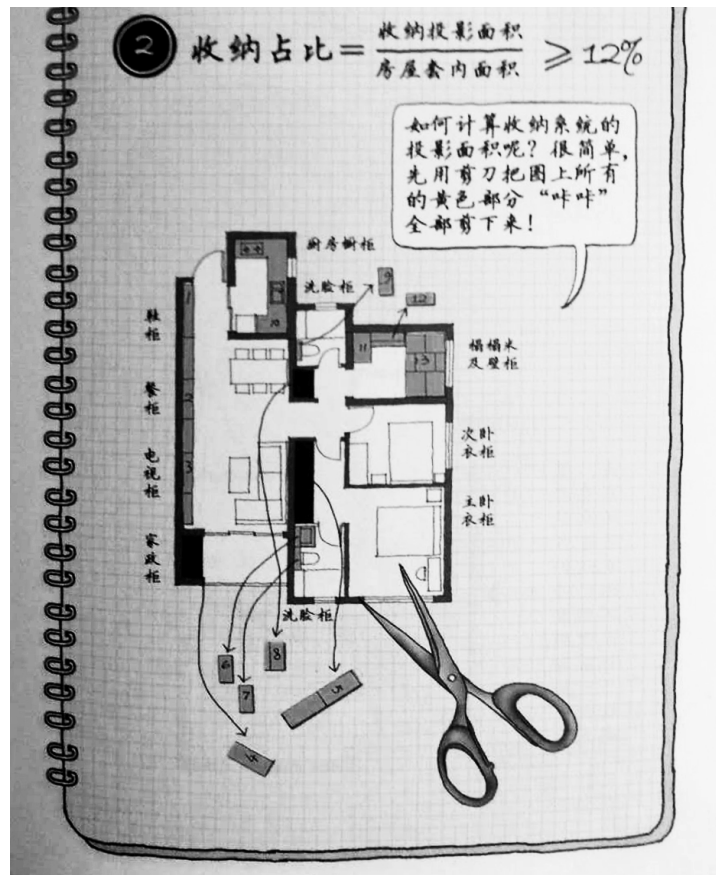


Figure 6.6.15: Studies on Vanke's standard home furnishing system (Source: Lu Wei, 2016).



Figure 6.6.16: Picture of storage closet in one apartment of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, (2011).

that apartments adopted a complete decoration design solution, directly provided by Vanke.

Indeed, this peculiarity permitted to further strength industrialization and standardization concepts to home interior components. In this regard, both kitchen and bathroom equipments featured standard modules and unified configurations. For instance, kitchens' layouts are based on Vanke's standard dimensions for L and



Figure 6.6.17: Picture of the double bedroom in one apartment of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).



Figure 6.6.18: Picture of the single bedroom in one apartment of Beijing Vanke COFCO Holiday Town (Source: Fan Zesen, Du Peiwei, & Du Juan, 2011).

C shapes, largely advancing space saving logics (Figure 6.5.13 and 6.5.14). Owing to those efforts put by the company in space utilization strategies, the kitchen allows for both a washing machine and a dishwasher and space is provided away from the worktop run for a fridge-freezer. In this regard, the kitchen reflects a significant improvement respect to some previous Vanke's projects. "Bigger is different than better" asserted Liu Wei, describing Vanke's kitchen standard designs (Lu Wei, 2016, p. 185). Indeed, kitchens' areas were totally an average of 6 smq. Moreover, following the logic of elements' standardization, also linear dimensions of kitchen spaces have been thus influenced by dictated sizes of home appliances and cabinets provided by Vanke.

A similar thought was applied to other housing spaces. Particular attention was given to the family storage system, to which a strong part of Vanke's "comfortable home" narrative is generally dedicated (Figure 6.5.15 and 6.6.16). Elements' standardization was so applied to both bedroom and entrance cabinets, which indeed feature equivalent dimensions in different rooms and also distinct apartments (Figure 6.6.19 and 6.6.20). Moreover, the biggest apartment (A), also accommodates a dedicated room for laundry and storages, composed by a sequence of standard components.

In this manner, Vanke's research in housing industrialization was influencing the spatial dimensions of the houses, clearly reducing the width of the different rooms to a lowest common denominator. Moreover, as noticed by Li Jun, a Vanke engineer, such standardization of furnitures and housing appliances can easier match the electrical and mechanical needs for new houses, further increasing the

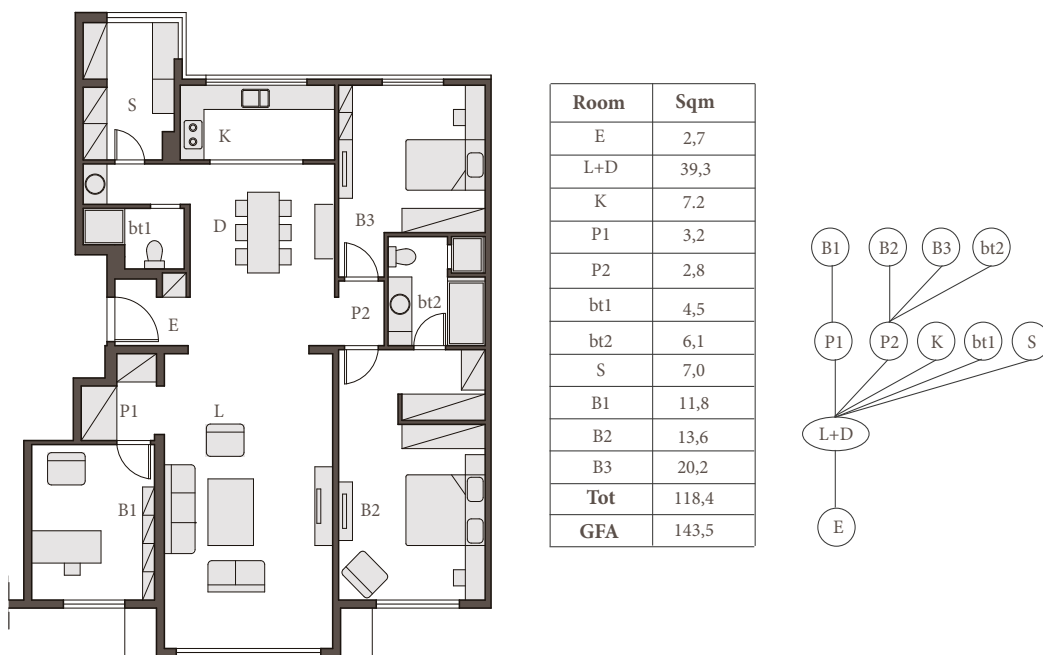


Figure 6.6.19: Beijing Vanke Holiday Town Houses typologies and dimensions - Part 1 (Source: Elaboration by the author based on Li Jun, 2011).

quality and the integrity of space (Li Jun, 2011). The designers, working in Vanke’s team, explained further: “the company’s assembly and provision of fine decoration make the architectural design and decoration design to work together” (Fan Zesen, Du Peiwei, & Du Juan, 2011).



Figure 6.6.20: Beijing Vanke Holiday Town Houses typologies and dimensions - Part 2 (Source: Elaboration by the author based on Fan Zesen, Du Peiwei, & Du Juan, 2011).

6.7 Guangzhou Vanke Groove – 广州万科峯境

Location: Bayun district, Guangzhou

Development time: 2012-2016

Design firms: WOHA Designs Pte. Ltd. Architects;
Guangzhou Xicheng Architectural Design Consultant
Co.

Site Area: 133,000 sqm

Plot ratio: 1.98

Green ratio: 0.45

The real estate project of Guangzhou Vanke Groove was designed and built between September 2010 and December 2016 in the city of Guangzhou (Liu Fei, 2015). The total cost of the intervention amounted to 400 million yuan and it is sold in the market at the price of around 19,000 yuan per square meters which is slightly higher than the average selling prices in the surrounding area.⁴⁹

The project has marketed the presence of a renowned international design firm: WOHA Designs Pte. Ltd. Architects. The architectural firm is a Singapore-based practice, founded in 1994, which had gained a global recognition in the field of the sustainable design. Owing to a large promotion of their best-known projects, the company received numerous international awards, among them the CTBUH Best Tall Building Worldwide (2018) and CTBUH Urban Habitat Award (2015), the RIAA Jørn Utzon Award (2011), RIBA Lubetkin Prize (2011). Their most awarded and most recognized recent projects were Oasia Hotel Downtown, the School of the Arts and the PARKROYAL on Pickering hotel in Singapore.⁵⁰

In addition to the outstanding international name, a local firm, the Guangzhou Xicheng Architectural Design Consultant Co. Ltd., has been involved in the constructive phase of the project. Other specific professionals have been also included into the design work: the Guangzhou Donglee Environmental Art Co. Ltd. was in charge for the design and realization of the vertical greening system; the Salad Dressing Pte Ltd., another Singaporean design firm, was in charge of the landscape design; the Guangzhou Yanyutang Decoration Design Co., Ltd, a local company from Guangzhou, was selected for the design and realization of the interiors (Liu

49 Information retrieved on site by Vanke sales agents

50 Information about the company are assumed from its official website, available at www.woha.net

Fei, 2015). Despite the involvement of this large number of professionals, a Vanke employee claimed the role of the subsidiary company of Vanke in Guangzhou as a fundamental stakeholder in the design improvement of the project.⁵¹

6.7.1 Site location

Vanke Groove is located in Baiyun District, Guangzhou, China. The project location is adjacent to the green area of Baiyun Mountain, which represented a decisive element in the site and project characterization. Baiyun Mountain, which cover a total area of 28 square km, was considered as a significant landscape and scenic spot since ancient times. Nevertheless, few of the historical sites are still present nowadays and some others have been drastically transformed since the city expanded to and around the mountain.⁵² However the fame of the site had been preserved and later formalized by the Guangzhou municipal government which has bestowed the mountain on the title of “Baiyun Scenic Area”.⁵³ The ecological and touristic zone comprehends thus numerous places of interest such as Luh Park, Yuntai Garden, Mingchun Valley, Moxing Peak, Mingzhu Tower, Yunxi Ecological Park, and the Baiyun Sculpture Park.

51 Interview with Wei Li, engineer employed in Guangzhou branch of China Vanke; The meeting took place in the South China University of Technology on March 8th 2017

52 Brief Introduction to Baiyun Mountain, Baiyuan Scenic Area. Available at <http://www.baiyunshan.com.cn/publicfiles/business/htmlfiles/byszz/bysjj/list.html>

53 Ram City's Eight Sights in the New Century, Official site, Guangzhou Municipal People's Government. Available at <http://www.guangzhou.gov.cn/>

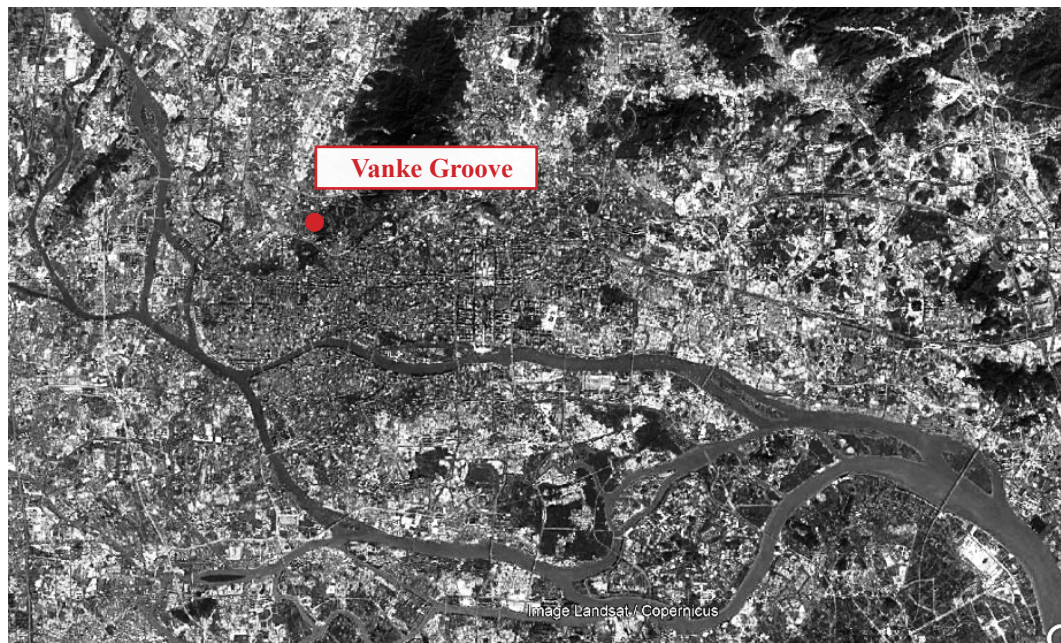


Figure 6.7.1: Location of Guangzhou Vanke Groove. Satellite Image of Guangzhou in 2016 (Source: Elaboration by the author, retrieved from Google Earth Pro).

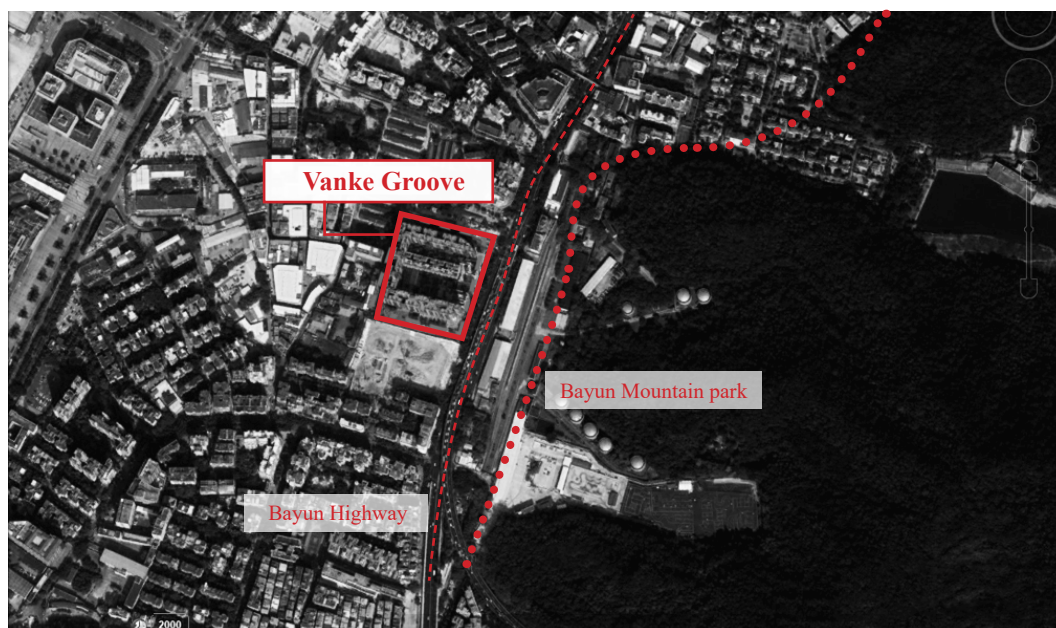


Figure 6.7.2: Location of Guangzhou Vanke Groove. Satellite image of Bayun district in 2016 (Source: Elaboration by the author, retrieved from Google Earth Pro).

Despite the presence of the surrounding natural environment, the site of Guangzhou Vanke Groove is located in a high dense area of the city, characterized by the presence of modern housing and commercial properties, but also old factories and work units compounds (Figure 6.7.1 and 6.7.2). Moreover, the overall area was recently invested by a regeneration process, due to the fall into disuse and the changing location of the Bayun international airport.

More precisely, the project location overlook directly on Bayun highway, which indeed represents a source of noise and pollution for the site. This fact could be also considered a convenience due to the fact that the road easily connects the site with the Bayun International airport and the central district of Zhujiang New Town. Compared to many other Vanke's communities, situated in marginal areas of the Chinese cities, the site is located in an already developed and urbanized section of Guangzhou, and it is not very far from the city center (both the historical one and the CBD of Zhujiang New Tow). Moreover, the project is surrounded by many amenities and the metro-stop is not far away.

6.7. 2 Marketing and Brand Strategy

The location of the site has been surely an important feature of Vanke Groove marketing strategy. As before mentioned, the project can indeed count on the proximity of the ecological reserve of Bayun Mountain. The Chinese naming of the intervention directly alludes to this element of the landscape⁵⁴. In this sense, part of

54 The literal translation of 广州万科峯境 (Chinese name of Guanhzou Vanke Groove) is Guangzhou Vanke Peak



Figure 6.7.3: Advertisement material on the site of Guangzhou Vanke Groove (Source: Picture by the author).

the project branding strategy is strictly contextualized and locally conceived.

However, Vanke Groove marketing and branding proposition have drawn extensively on the innovative concept of “eco-friendly” housing building, following the trend of a wider spectrum of ecological and environmental sustainable practices promoted by several institutions in China. Through this value proposition, the local sub-brand of Vanke Groove even followed and supported the broader brand vision of Vanke, which had been declaring from 2006 to position itself as an outstanding “green enterprise” (cf. Paragraph 7.4.2).

The “green” intention of the project has been thus marketed, both at the symbolical and functional level, stressing the concept of the “three-dimensional forest”, which is clearly reflected in the overall architectural design. “It is the first vertical greening community in Guangzhou” claims the advertisement material, published in the Guangzhou Vanke Wechat Public Account⁵⁵. Following this line, the integration of greening practices and the urban density of the intervention are important attributes of the project which was marketed as a mean of innovative and sustainable living model. The magazine *Urban Environmental Design* praised the intervention by declaring that “within the process of urbanization in China, the project creates a breathable space in a high-density urban environment” (Liu Fei, 2015).

Thereafter, the concept of density and proximity was also strengthened by the

55 Look at the manuscript of Vanke Peak, Guangzhou Vanke Wechat Public Account. Available at <https://mp.weixin.qq.com/s/nZhyfFj0pBNQERvUft1j3g>

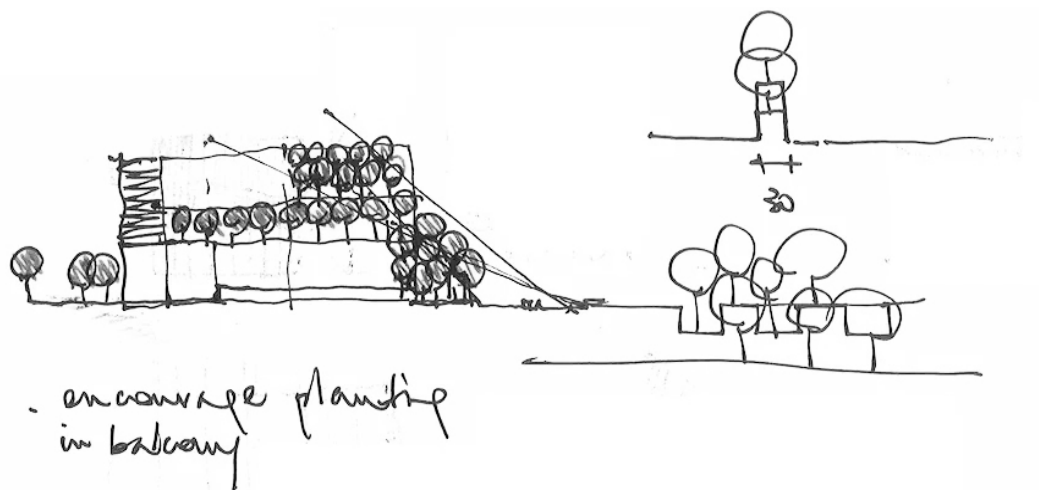


Figure 6.7.4: Sketch by the designer of Guangzhou Vanke Groove (Source: Look at the manuscript of Vanke Peak, Guangzhou Vanke Wechat Public Account. Available at <https://mp.weixin.qq.com/s/nZhyfFj0pBNQERvUFt1j3g>).



Figure 6.7.5: Physical model of Guangzhou Vanke Groove. (Source: Picture by the author in Guangzhou Vanke Groove Exhibition Center)

integration of commercial, leisure and residential activities in a single building block. The functional program thus comprehends a community health service center, a fitness center, a cultural activity station, an elderly service center, a meat market (fresh supermarket), public toilets, garbage collection points, and many others. Moreover, those supporting services are completely developed and managed by Vanke, which is also another standing point of the project, made it possible by the concurrent development of Vanke's Octopus Strategy⁵⁶ (cf. Paragraph 7.5.1).

⁵⁶ "Vanke Octopus Strategy" refers to a strategic change in Vanke business structure. From

Customer profile	Brand value proposition	
Mid-to high end urban families Couples without any children	Brand attributes	Brand core values
	Functional mix (commercial and residential)	Ecology
	Urban greenery on buildings Public spaces	Comfort Personality
Marketing channels		
Social Media and dedicated websites; real estate brochures; Exhibition Center in the site		

Table 6.7.1: Resume of marketing features of Guangzhou Vanke Groove (Source: Elaboration by the author)

However, urban density and proximity to recreational and working facilities, have not been only recognized as fundamental points for sustainable urban living models but they were also more likely to attract a new generation of young consumers which could even be more aware of ecological issues. “If you love creativity and love green, you may wish to take a closer look at this work from the top international architectural design firm” asserts the Guanzhou Vanke Wechat Public Account.⁵⁷

In order to market the project, Vanke established a sales center in the commercial area of the building, with the idea that visitors might be intrigued by what was being shown inside a completely “green box”. The center host a big model of Guangzhou Vanke Groove (Figure 6.7.5). The model has helped the marketing staff in showing the overall concept of the project, enhancing the vertical green elements and its relationship with the surrounding environment. Thereafter, the project has been marketed across the city primarily on-line, using a variety of property listing websites and social media advertising through Guangzhou Vanke Wechat public account. Although the on-line platforms were useful for showing more information and visual contents about the property, the most effective marketing tactic appears to have been word of mouth and the reputation of Vanke as developer.⁵⁸

6.7.3 Design of the estate

The residential estate totally includes 244,000 sqm of building area in a plot of nearly 133,591 sqm. The property, even affected by extremely strict planning conditions, consists of 787 residential units, 4,315 sqm of commercial activities and

early 2014 the company enlarge its core businesses from one (residential properties) to eight, which comprehend also the development and management of commercial properties. Vanke started to position itself as an “urban service provider” (see paragraph 7.5.1).

57 Look at the manuscript of Vanke Peak, Guangzhou Vanke Wechat Public Account. Available at <https://mp.weixin.qq.com/s/nZhyfFj0pBNQERvUft1j3g> - Last access 23-08-2018

58 Interview with Wei Zhang, Vanke Property Manager of Guangzhou Vanke Groove. The meeting took place in the Vanke Service office within the site, on April 3rd 2017.

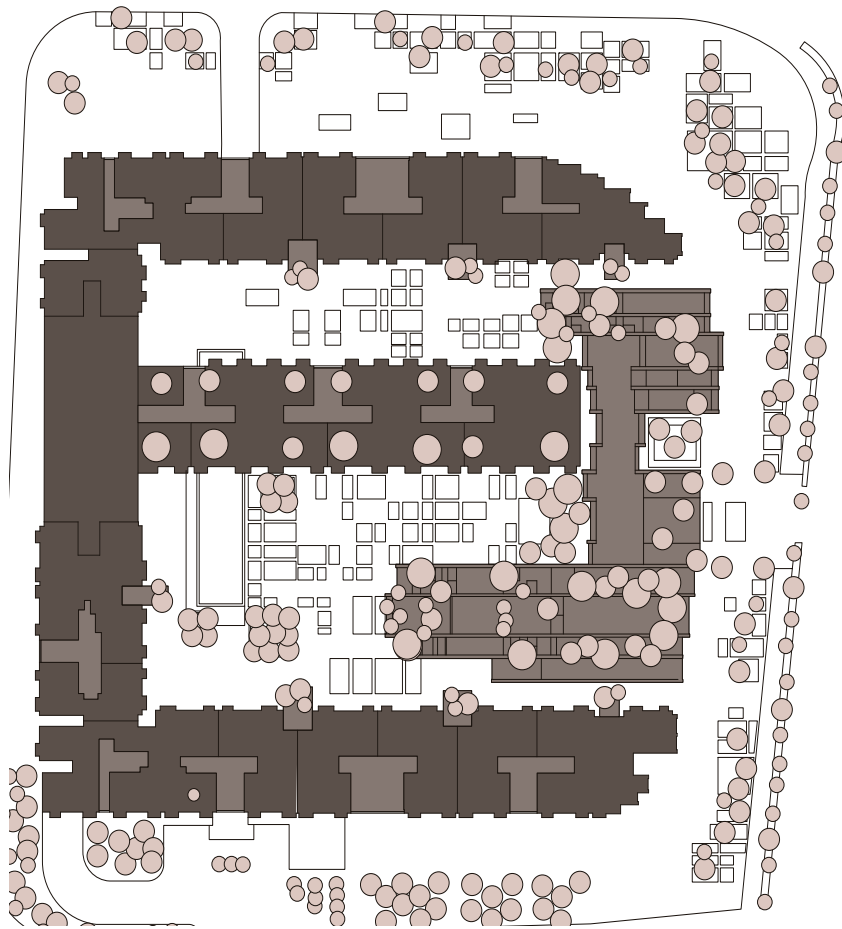


Figure 6.7.6: General Plan of Guangzhou Vanke Groove (Source: Elaboration by the author based on Liu Fei, 2015).

5,178 sqm of supporting public buildings. Moreover, 940 motor vehicle parking spaces are provided in the underground. In this regard, the Vanke marketing team concluded that “the scarcity of land resources in the core areas of the city should allow every square meter to be fully utilized”.⁵⁹

The general layout of the estate has the shape of a “E”, ensuring that as many living units as possible can enjoy a preferential view on Bajun Mountain. Differently from usual Vanke’s projects (usually developed in super-blocks gated communities), the compound is fully developed in form of a compact block, which opens directly onto an urban space, designated for public use. Particularly, on the ground floor, public and semi-private spaces are separated only by the landscape architecture, without the use of additional fences. In this way, Vanke Groove represents one of the first example in China that move itself away from the traditional model of Chinese gated communities. However, the overall urban structure is slightly more complex than what is suggested by a first overview.

⁵⁹ Look at the manuscript of Vanke Peak, Guangzhou Vanke Wechat Public Account. Available at <https://mp.weixin.qq.com/s/nZhyfFj0pBNQERvUft1j3g>

Outside the residential estate, a sort of public square is arranged on different levels. The lower level of the plaza hosts a line of commercial activities which overlook an intimate public space, thus not disturbed by the traffic environment of Bayun Road (Figure 6.7.7). A small bamboo forest further functions as noise isolation. Within the central courtyard, the landscape reveals a grid composition made of semi-regular squares. Every square is treated in a different manner, creating a pattern of grassroots, cement floorings, tress and shadowing pavilions. During summer time, the court could be also partially filled with water, thus becoming a swimming pool for exclusive use of residents. Following an upgrading logic the landscape design continues on the roof of the commercial block situated in front of Bayun Highway (Figure 6.7.9). The roof and the back side of the block, thus function both as scenic areas and living spaces for external activities. The landscape design is composed by the accurate disposition of trees, bushes and grass areas and it hosts, under its structure, the pedestrian access to the underground parking.

The high rise building block, which form the shape of a “U”, is composed by the repetition of a semi-standard module made of four apartments, grouped around an elevator and a stair block (Figure 6.7.11). Some slightly changes in the size and layout of the apartments make more complex the overall organization of the building. At different levels, the stair block is characterized by the presence of cantilevered floors with high trees implanted on their top (Figure 6.7.10). These elements, described as a large scale “bonsai” (Liu Fei, 2015), become one of the main characteristic features of the building, at least from a visual point of view. The external facades are also characterized by the presence of small and protruding terraces covered by mirroring glasses on the front. The lateral sides of the balconies, as well as some other parts of the external facade host small steel structures for the application of climbing plants. Also the blind facades, at the extremes of the “U”



Figure 6.7.7: Picture of Guangzhou Vanke Groove commercial plaza (Source: picture by the author).



Figure 6.7.8: Picture of Guangzhou Vanke Groove principal entrance (Source: picture by the author).



Figure 6.7.9: Picture of Guangzhou Vanke Groove internal courtyard (Source: Liu Fei, 2015).



Figure 6.7.10: Picture of Guangzhou Vanke Groove suspended trees (Source: Liu Fei, 2015).

shaped block, are fully covered by two 50 meters high green walls overlooking Bayun Highway. These vertical green facades are mainly made of *Lonicera Japonica*, a widely used climbing plant in vertical greening (Jin Shengying, Wu Weiming, Zhang Kuihan, Yang Xue, & Yu Jiangyong, 2015). Particular attention has been invested in the construction and maintenance of those vertical greening surfaces, which aims at functioning both as sun shielding and air purifiers. In this regard, some of the building's sustainability measures were designed to represent building amenities and to help market the building. Moreover, the building's green infrastructure, incorporates also green-roofs, elevated gardens, and shadowing systems for some private apartments; all of those strength the visual appeal of the estate.

The lower block in the middle of the courtyard, adopt a wood texture that outlines the horizontal shape of the building. The use of wood in the facade lends an ecological image of the building and it is coherent with the surface that covers the earth tanks situated on the internal side of the high-rise building blocks.

6.7.4 Apartments' design

Guangzhou Vanke Groove apartments' offer is sufficiently differentiated, ranging from a minimum of 66 sqm to a maximum of 135 sqm. Apartments typologies are clearly conceived to host a family or a couple without any children.

In the largest apartment (apartment A), the provision of four bedrooms suggests the house is suitable for a family of 5 individuals. The living area provides a small

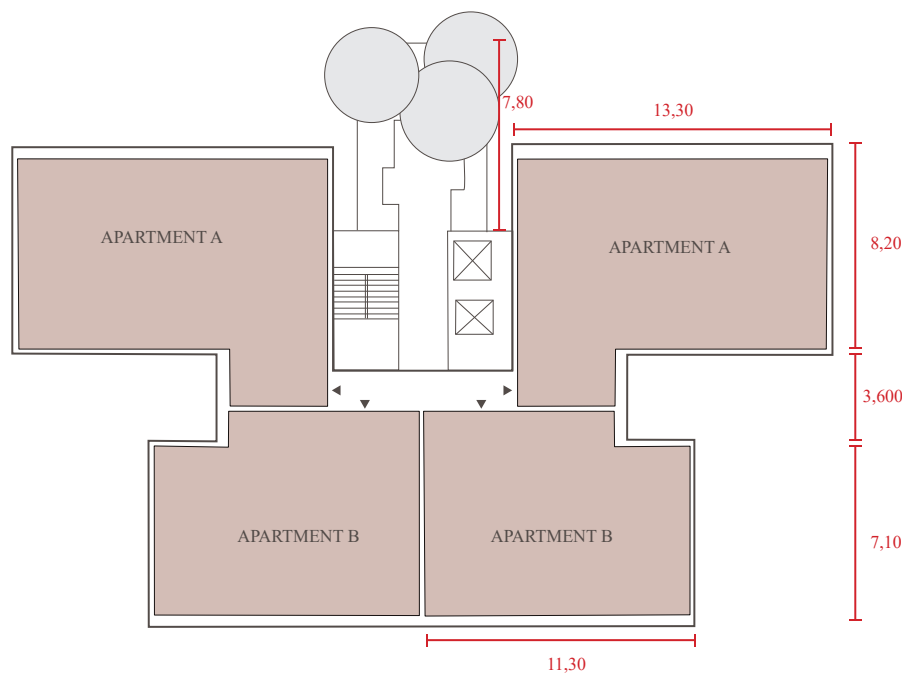


Figure 6.7.11: Apartments disposition within building blocks and staircases of Guangzhou Vanke Groove (Source: Elaboration by the author derived from Liu Fei, 2015).



Figure 6.7.12: Picture of the living room in one apartment of Guangzhou Vanke Groove (Source: <http://photo.house.qq.com>).

entrance, with the space to host a cabinet, a living/dining room and a kitchen (Figure 6.7.16). With some minor arrangement of furniture, the living room can seat four to five people and dining is also available for six. The kitchen has no room to eat, but there is space for a fridge-freezer, a dishwasher under the sink and even a small sideboard for dishes preparation. The passage connects the living area with the bedrooms and a space for the storage, which functions also as linking space for the bathroom and a small service balcony. The promotion material suggests to put the washer on this latter because no other space is provided in the bathroom or in the kitchen. The main bedroom is relatively big and it has a dedicated bathroom. All the other bedrooms are barely over the minimum requirements. Those function well as single bedrooms and can accommodate minimal furniture, which can be a desk or a closet. In order to fulfill the space at their best, rooms have been equipped with fitted and modular furniture directly provided by Vanke.

Apartments B and C feature similar characteristics to apartment A but with one or two bedrooms less. The reduction from three to two bedrooms (from apartment B to apartment C), with only an insignificant decrease in floor area, can make less nearly the 50 % of space dedicated to the passage, thus alleviating the distributive problem noted in type B.



Figure 6.7.13: Picture of the kitchen in one apartment of Guangzhou Vanke Groove (Source: <http://photo.house.qq.com>).



Figure 6.7.14: Picture of the internal passage in one apartment of Guangzhou Vanke Groove (Source: <http://photo.house.qq.com>).

Apartment D, which is the smaller, accommodates only one bedroom, even if there is space to add an additional one. The promotional material clearly targets, for this house, a couple without any children yet. This permits to have a large living area where the entrance, directly connected with the living/dining room, can function as a studio, a storage or for visitors' entertainment.

In general, the apartments, which are provided fully decorated to the final user, reveal a modern and elegant appearance, with some touches of oriental taste. Wall



Figure 6.7.15: Picture of the master bed room in one apartment of Guangzhou Vanke Groove (Source: <http://photo.house.qq.com>).

surfaces are carefully treated with different materials such as tiles, woods, colored plasters and even leather. All the apartments feature a double side exposition, with the exception of the type D. The view from the apartments is favored by the adoption of large glass partitions, usually overlooking the interior space of the courtyards or Bayun Mountain. Moreover, all the balconies are large enough to be arranged with a dining table or a deck chair. The balconies have also additional space to host green plants and colorful flowers, just outside the house.

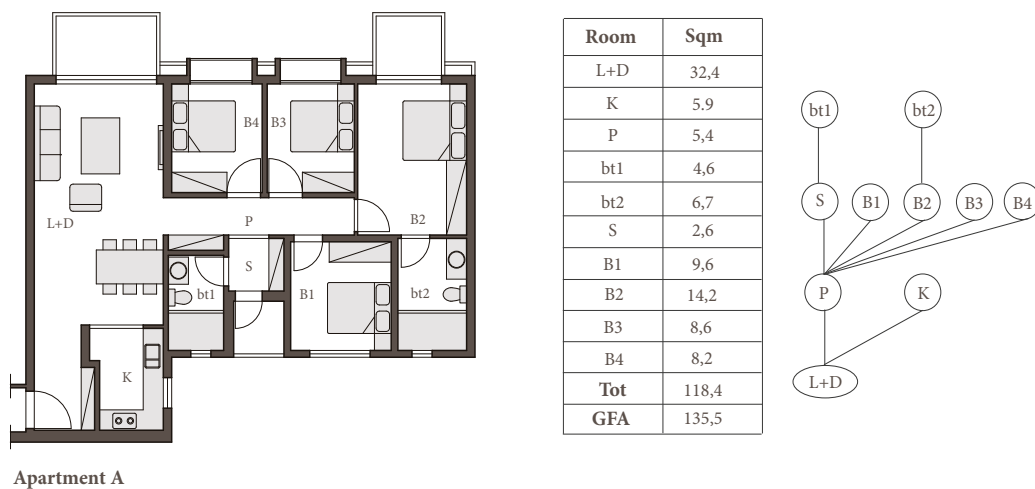
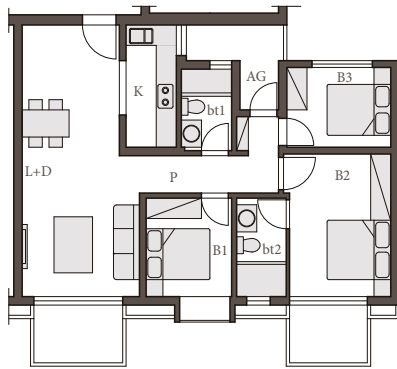
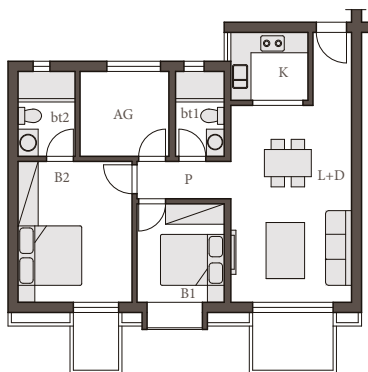
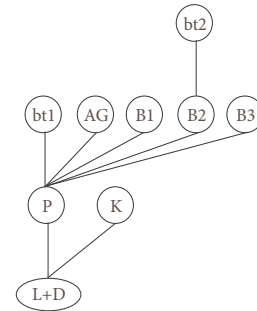


Figure 6.7.16: Guangzhou Vanke Groove Houses typologies and dimensions - Part 1 (Source: Elaboration by the author based on Liu Fei, 2015).



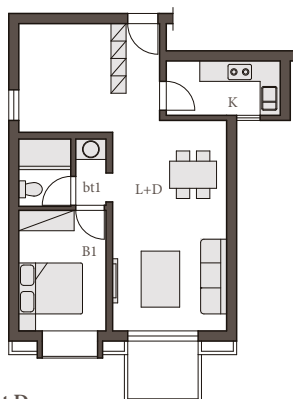
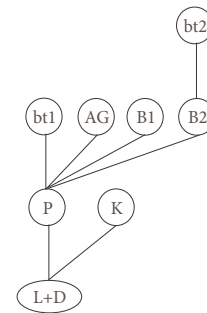
Apartment B

Room	Sqm
L+D	25,3
K	5,4
P	5,2
AG	4,7
bt1	3,5
bt2	4,2
B1	8,3
B2	12,9
B3	7,2
Tot	86,7
GFA	97,2



Apartment C

Room	Sqm
L+D	23,3
K	4,6
P	3,0
AG	6,6
bt1	3,6
bt2	4,2
B1	7,5
B2	14,1
Tot	66,9
GFA	81,1



Apartment D

Room	Sqm
L+D	34,3
K	5,4
bt	5,1
B	8,2
Tot	53,0
GFA	66,7

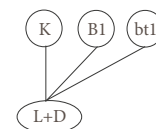


Figure 6.7.17: Guangzhou Vanke Groove Houses typologies and dimensions - Part 2 (Source: Elaboration by the author derived from Liu Fei, 2015)

6.8 Guangzhou Vanke Cloud City – 广州万科云城

Location: Tianhe District, Guangzhou

Development time: 2014-2017

Design firms: D + H Lab

Site Area: 26.383 sqm

Plot ratio: 1,52

Green ratio: 0,45



In December 2016, the *South China Morning Post* published a news titled “Vanke is going small, really small in Guangzhou” (Zheng, 2016). The article described one of the latest residential real estate innovations, landed in Chinese first tier cities. The Hong Kong newspaper traced the similitudes between new Chinese tiny apartments and so called shoes-boxes living spaces in Honk Kong. This comparison highlighted an increasing relevant problem for Chinese youngest generations at that time: skyrocketing real estate prices make them difficult to afford comfortable housing accommodation within first tier cities in mainland China.⁶⁰ The article brought thus the attention to the new project of Guangzhou Vanke Cloud City, one of the last properties developed by the leading real estate firm in Guangzhou. From several years, Vanke was promoting and studying very small apartments’ layouts in cities such as Xian and Beijing; the project in Guangzhou represented the first big opening into the South China market.

The whole project started in June 18, 2012, when Guangzhou Vanke Real Estate Co., Ltd acquired the land plot AT030548 in Tianhe District, Guangzhou. The site was inscribed by the general master plan of the new area under the functional category C2 (Commercial finance land purpose) (Figure 6.8.2). The new apartments, obtained from spaces officially dedicated to offices, featured a shorter term of use, 40 years instead of 70, which is the standard duration for residential land use rights in China.⁶¹ This factor reveal how the extreme need of new affordable houses overshadowed more and more the value linked to the duration of these artifacts.

The design company D+H Lab, which had seen both the founders grown in the big American company SWA Group, was in charge of the urban and landscape

⁶⁰ In 2016 the city of Guangzhou registered a 25.85 Price to Income Ratio. Data retrieved from https://www.numbeo.com/property-investment/gmaps_rankings.jsp?indexToShow=getHousePriceToIncomeRatio&title=2016-mid. These data show an increased un-affordability of real estate prices in Guangzhou and other Chinese first tier cities.

⁶¹ The practice was used by many developers in the recent years to take advantages of the lower prices of commercial land in first tier cities respect to the residential one.

design. The firm, operating between China and United States, has been involved in many collaboration with Vanke, but also with other important developers such as Longfor, Poly and Gemlade. This project represents a new challenge for the young designers that were asked to “target a young, trendy demographic and keeping construction costs low” (D+H Lab, 2016).

6.8.1 Site location

The site of Guangzhou Vanke Cloud City is located in one of the new expansion areas of Tianhe district. Tianhe is one of the nine urban districts in the city of Guangzhou. The district was largely developed between 2005, when the General Masterplan of Guangzhou City 2005-2010 was approved by the State Council, and 2010, when the XVI Asian Game took place in the city of Guangzhou. On the one hand thanks to the huge investments provided by the municipality of Guangzhou, on the other also thanks to the strict connection of the district to the CBD of Zhujian New Town, Tianhe rapidly became the fancy residential area of the city, in which real estate prices increased till they reached an average price of 32,000 RMB per sqm in 2014 (Guangzhou Statistic Bureau, 2014). Thereafter, along the lines of the Guangzhou Strategic Plan that envisaged the expansion of the city towards south and east directions, Guangzhou municipality started to promote two new large scale projects in the east side of the metropolis namely: Guangzhou International Financial Town and Tianhe Wisdom City.

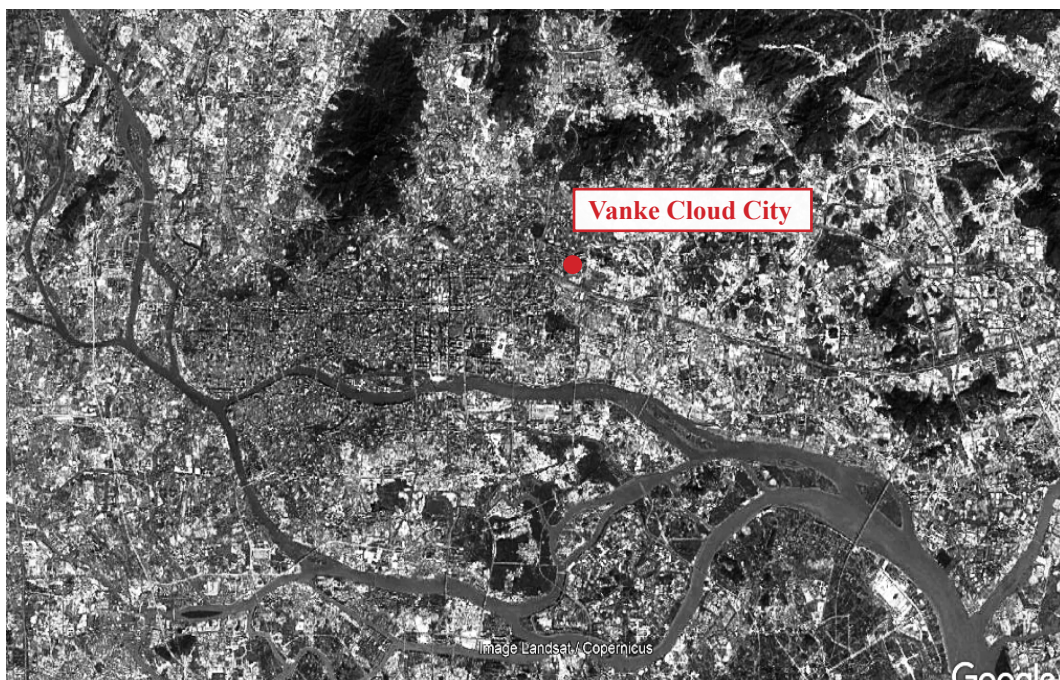


Figure 6.8.1: Location of Guangzhou Vanke Cloud City. Satellite image of Guangzhou in 2018 (Source: Google Earth Pro)

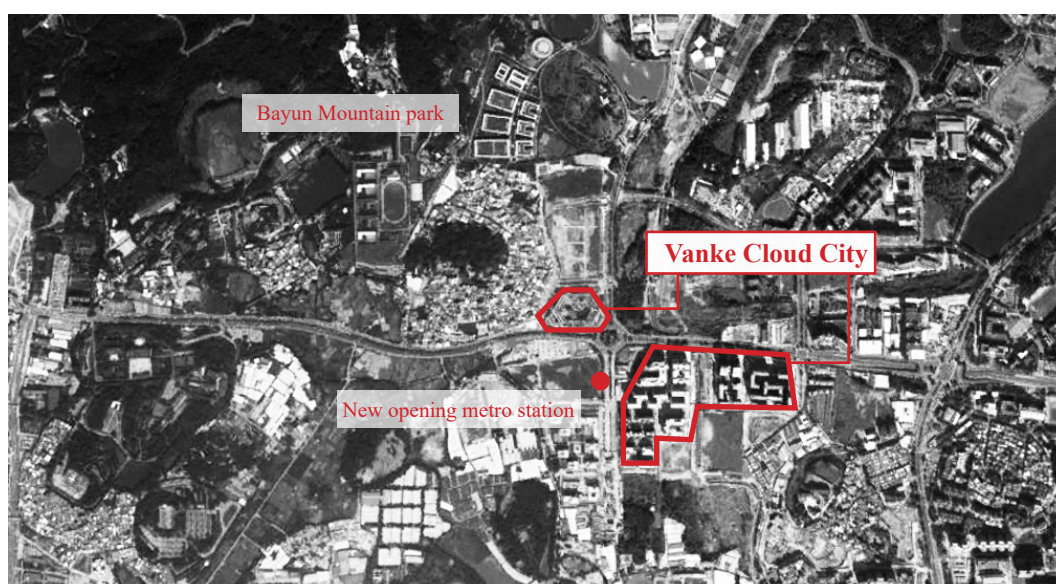


Figure 6.8.2: Location of Guangzhou Vanke Cloud City. Satellite image of the Tianhe Winsdom City in 2018 (Source: Google Earth Pro).

Guangzhou Vanke Cloud City is inserted within the Tianhe Winsdom City, also identified as the new Guangzhou's Intelligent Business District (hereafter IBD).⁶² The master-plan, principally promoted by the Guangzhou High Tech Industrial Development Zone and the CPC Guangzhou Tianhe District Committee, is supposed to become the new area of the city dedicated to Information Technology (IT) and smart manufacturing industries. From a demographic point of view, the plan is conceived to accommodate 100,000 new working places and nearly above 300,000 new living population.⁶³ Within the comprehensive plan of the new IBD, approved in 2014, it was clear the intention “to promote a new development model, ecological, industrial, residential, commercial and other mixed layout, to create a city's urban form more than a simply garden or industrial layout”.⁶⁴ In this sense, the new park recognized the inclusion of mixed functions and small scale spaces as an important asset needing to be integrated into new developments. Although many sites, situated in industrial parks, were created as commuter districts and lack a sense of place and community spirit, Vanke Cloud City successfully tried to integrate shopping centers, a renowned school system, urban garden, offices and a metro station situated “only four stops far from Zhujiang New Town”.⁶⁵

62 see. The Masterplan of Tianhe Wisdom City (Fig 6.9.1)

63 Information assumed from <http://www.thstp.gov.cn/wgfm/tswg/255277.shtml>

64 The sentence has been extracted by the Tianhe Wisdom City Promotional Document (2015).

65 The slogan has been extracted by one of the projects' advertisement.



Figure 6.8.3: Masterplan of Gunagzhou Tianhe Wisdom City (Source: Tianhe Wisdom City Promotional Document (2015).

6.8.2 Marketing and Brand Strategy

The property's marketing and branding drew extensively on the location's attractive, a new distinctive aspect in fast-growing Chinese cities such as Guangzhou. As few other projects, developed by Vanke after 2012, it reveals thus a changing attitudes in the company's business strategy that in the previous years often relied on cheap land resources in cities' fringes.

The functional mix of different activities and the urban dimension became fundamental concepts to market the new Vanke's sub-brand, particularly because in this sense the project has been branded as a pioneer case in China. However, it is also important to frame those matters within the broader perspective of the new "Vanke Octopus Strategy" (See Cap. 7.5.1), by which new ancillary services became not only urban facilities, integrated within the residential community, but fundamentally they were also part of the company's business operation.⁶⁶ The site of Vanke Cloud City included so a Vanke Robot Café, a Vanke's School, offices for rent or to buy, business incubator and a Vanke Square for retail and commercial activities. Indeed, Vanke Cloud City brand mostly relied on the ample integration of working and residential spaces and excellent accessibility at the city level make it a good site for fresh young workers that can "be able to always clock into the office in time" said one of the project's advertisement⁶⁷ (Figure 6.8.4). Probably caused

66 After many years in which the company relied its business operation exclusively on residential real estate development, from 2014 Vanke started to invest in other business such as commercial and offices real estate, touristic facilities, schools etc (Vanke Annual report, 2014).

67 ThesourceisagainoneoftheVankeCloudCityadvertisements(AvailableinGuangzhouVanke Cloud City WeChat Public Account, available at http://bp.aduu.cn/mobile/apW81aMv4IYoVw0/front?channel=wxgzh&fromType=1&wx_code_cust=oLYZ7xKH3O1It95aBMh6TUgfvnh8&wx_



Figure 6.8.4: Advertisement spot of Guangzhou Vanke Cloud City. (Source: Guangzhou Vanke Cloud City WeChat Public Account. Available at https://mp.weixin.qq.com/mp/profile_ext?action=home&__biz=MzI5NjQyOTYxMw==&scene=124#wechat_redirect).

also by a generational turnover,⁶⁸ it seemed that the famous British rule of the “3 L” (Location, Location, Location), started to assume a certain relevance also for the company that avoided it for many years.⁶⁹

Many features, distinguishing the new brand, reveal thus that Vanke started to focus on a new consumers’ target, mostly consisting of young people and entrepreneurs.⁷⁰ Indeed, Vanke Cloud City, also called Me Cool apartments, aims properly at offering a good but also affordable accommodation to young newcomers who work in big cities but cannot afford high real estate prices. “With small apartments, young people can continue living in first tier cities, enjoying rich career opportunities, modern facilities, comprehensive public services, and access to cutting-edge information, all while still being able to afford a home” wrote the team of D+H Scapes on their website (D+H Lab, 2016). The promotion enhanced strongly this aspect through fresh and funny spots: “the monthly payment for a girlfriend is 5,000 RMB, but for Me Cool is only 1,000 RMB” (Figure 6.8.4). The apartments are sold starting from the discount price of 280,000 RMB (about 39,000 \$) for smaller units, while bigger ones can reach almost 1,000,000 RMB (138,000 \$).⁷¹ Project’s selling prices resulted very low if the strategic location of apartments and striking real estate prices of Chinese first tier cities are taken into consideration. The theme of affordability relied also on a broader product positioning of Vanke Corporate Brand according to the adoption of a more social responsible idea of real

code_com=gh_4e5256e7ceb8&t=1494586515796).

68 The report issued by the HSBC (2017) reveals how millennials are more influenced by the location in their choices of home. 30% of the interviewed expressed location as a first reason for housing preference.

69 For many years Vanke invested more on the quality of the houses rather than in the good location of its projects.

70 The new consumer target is also displayed in the Presentation of Vanke Guangzhou Branch (2017).

71 Prices are assumed from Vanke’s promotional material and websites.



Figure 6.8.5: Advertisement spot of Guangzhou Vanke Cloud City. (Source: Guangzhou Vanke Cloud City WeChat Public Account. Available at https://mp.weixin.qq.com/mp/profile_ext?action=home&__biz=MzI5NjQyOTYxMw==&scene=124#wechat_redirect).

estate practices⁷² (see paragraph 7.4.3).

Narratives, used to brand the development, clearly reflect also a paradigm shift in the lifestyle promoted by the company to attract possible consumers.⁷³ In the marketing phase, the promotion of new imagery, able to attract young generations, affected both the name given to the whole intervention both the definition used to introduce the new apartments. The word “cloud” inside the name, is a clear reference to the IT industry jargon: “on one hand it recalls the immateriality of this industry, on the other it brings to a world of interconnected system and data” explained a Vanke sale manager.⁷⁴ Moreover, within the advertisement, Me cool apartments are many times described as “loft” (Figure 6.8.5). The term, firstly used in some area of New York during the end of the 1970s, identified apartments recreated in post- productive spaces and situated in the downtown area of the city. In some new Chinese residential development, the term was so used to feature the flats, not only referring to their typology, but also suggesting their collocation in an urban context. During the “new normal phase”, so called lofts became a trend in the Chinese big cities, where “lofty living”⁷⁵ was largely promoted, in contrast to the life in urban fringes.

72 One of the point of the 2014 Vanke CSR Report is based on the slogan “building good and affordable homes”. In the same section, the report directly refers to 25 sqm apartments dedicated to young people.

73 Previous cases shows different narratives utilized to connect customers with projects.

74 Interview with Wei Zhang, Vanke sales Manager of Vanke Cloud City. The meeting took place in the sale center of the project, on May 24th 2017.

75 It is possible to find the term loft in many real estate advertisements widespread in the city of Guangzhou in 2016-17. However, the term was also identified in the American context as a precursors of the importance of life-style in housing choice and preferences (cf. Zukin, 1982).



Figure 6.8.6: Advertisement spot of Guangzhou Vanke Cloud City. (Source: Guangzhou Vanke Cloud City WeChat Public Account. Available at https://mp.weixin.qq.com/mp/profile_ext?action=home&__biz=MzI5NjQyOTYxMw==&scene=124#wechat_redirect).

One result of the marketing efforts has been very strong absorption for Vanke Cloud City small apartments in the first phase of the project: “these units have been quickly sold at the entire market price”, revealed one of the marketing agents of the company.⁷⁶ Fast selling in the first phase have been then used to promote the second round of development through the slogan: “Me cool apartments have been out of stock for 10 months but now are coming back again: grand opening of A3 building on this week-end”.⁷⁷

When the project first got underway, Vanke established a sale center inside the new building. The center featured a big scale model of the area, as usual in the Chinese real estate industry. The model displayed, thanks to apposite flags, all the enterprises and commercial activities that were still settled or that were going to be settled in the area. The marketing staff has so used the model to help buyers understand the vision for the project, that is intended to create a physical and virtual network of business activities (Figure 6.8.7).

Later on, Vanke attracted customers to the center organizing events dedicated to young people. Just to make an example, at the end of 2016 the company organized, in collaboration with Ann Yue, the Me Cool Music festival (万科云城玩酷音乐节来袭).⁷⁸

⁷⁶ Interview with Wei Zhang, Vanke sales Manager of Vanke Cloud City. The meeting took place in the sale center of Guangzhou Vanke Cloud City, on May 24th 2017.

⁷⁷ The slogan has been extracted by one of the projects’ advertisement (See Figure 6.8.3)

⁷⁸ The information has been found in the post of the 11/10/2016 published on the Wechat public account of Guangzhou Vanke Cloud City



Figure 6.8.7: Physical model of Guangzhou Vanke Cloud City. (Source: Picture by the author in Guangzhou Vanke Cloud City Exhibition Center)

A relevant part of the marketing strategy relied also on the use of new technologies and social media, which were employed to reach and apprise a precise of young home buyers. For the project, Vanke established a specific Wechat public account that continuously informed possible clients about offers, promotions, event and news. The Wechat account included also an interactive tool that permits a complete virtual exploration of the project. The tool was divided into six section, among them an interactive map permitted the project's geo - localization and a 360° degree or VR (Virtual Reality) section allowed possible buyers to fully experience model houses from miles away.

Customer profile	Brand value proposition	
Young people coming to city in search of job opportunities Single people or couples without any children	Brand attributes	Brand core values
	Functional mix (working, commercial and residential)	Affordability
	Very small fully furnished apartments	Creativity
	Public spaces	Innovation
Marketing channels		
Social Media and dedicated websites; real estate brochures and posters; Exhibition Center in the site		

Table 6.8.1: Resume of marketing features of Guangzhou Vanke Cloud City (Source: Elaboration by the author)

6.8.3 Design of the estate

The entire real estate development totally accommodates 600,000 sqm of construction area, integrating in a compressed site residential, commercial and working spaces. The projects is organized in several building blocks of different heights that vary from 35 to 95 meters. More precisely, within the whole intervention four distinctive land plots, accommodating different buildings' typologies and urban patterns, can be recognized (Figure 6.8.8 and 6.8.13).

The plan started with 2,700 loft units arranged in a unique six side block, situated in the north-west area, with a big void in the middle to shape a central plaza and a garden area (Figure 6.8.8, 6.8.9 and 6.8.10). The central public space is organized on two main levels that host retail and educational activities. The space is freely accessible from the exterior, creating an interconnected continuous pedestrian walking space, that is enhanced by the looped shape of the urban and landscape design. Accessibility became one of the main important features of the place that really differentiate the intervention from usual Chinese residential areas, often made in form of gated communities.

The second phase of the project is made of four tower blocks hosting over 5,000 small apartments (Figure 6.8.11). The ground floor of the buildings, together with the five small blocks that stand in the middle of the site, are mainly dedicated to commercial and business activities. From a constructive point of view, buildings relied on the use of industrialized elements techniques. Pre-cast concrete elements such as structural walls, ceiling, beams and stairs have been employed. Figure 9.8.11 displays some of those elements experimented in the Vanke Housing

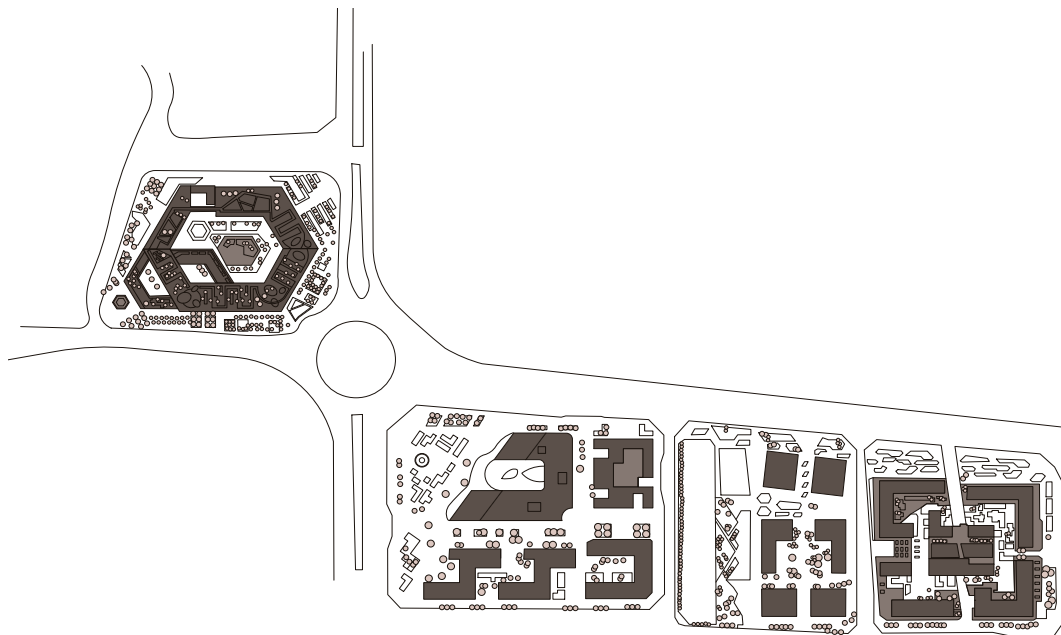


Figure 6.8.8: Master-Plan (Phase1+ Phase2) of Guangzhou Vanke Cloud City (Source: Elaboration by the author based on Vanke official website, retrieved 12 June 2017 from www.vanke.com).



Figure 6.8.9: Entrance of Guangzhou Vanke Cloud City Phase 1 (Source: picture by the author).



Figure 6.8.10: Internal court of Guangzhou Vanke Cloud City Phase 1 (Source: picture by the author).



Figure 6.8.11: Central Plaza of Guangzhou Vanke Cloud City Phase 2 (Source: picture by the author).

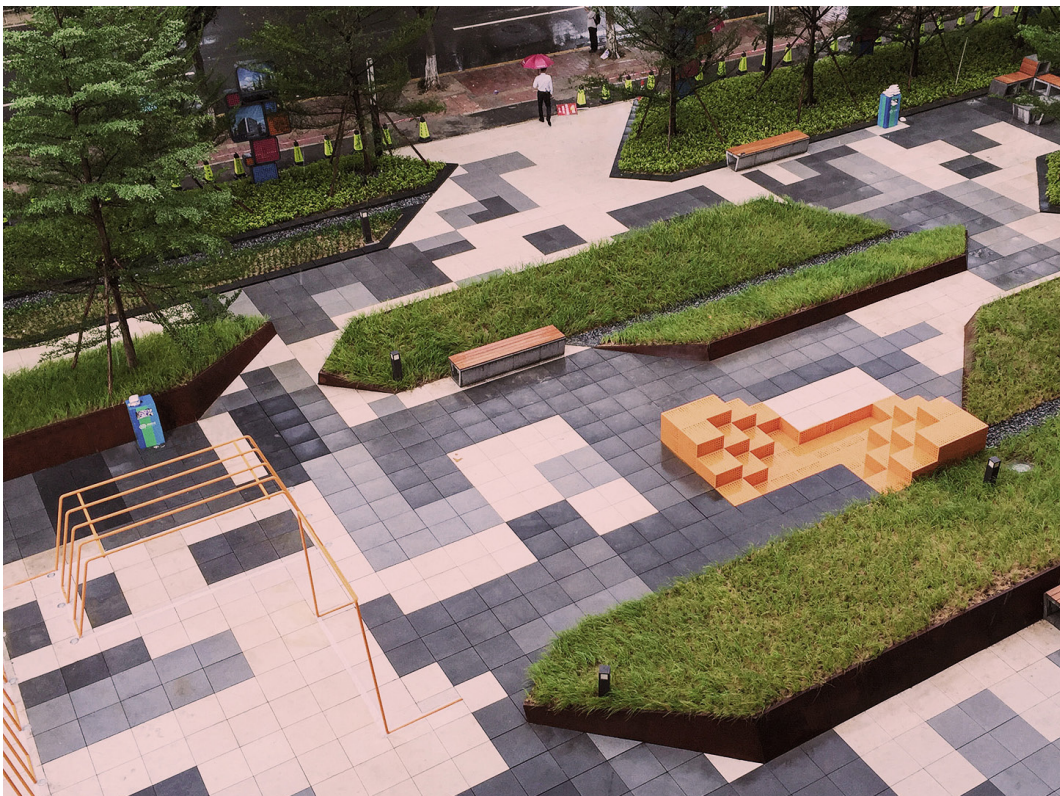


Figure 6.8.12: Landscape design of Guangzhou Vanke Cloud City Phase 2 (Source: D+H Lab Pictures. Available at www.dhscape.com/).



Figure 6.8.13: General Rendering View of Guangzhou Vanke Cloud City (Source: www.vanke.com).

Industrialization Center. This factor required, during the development phase, a constant on site supervision carried on by Vanke's expert engineers. Li Chang, a Vanke's researcher, also revealed how it put into play the acquired expertise of many employees grown at Vanke Housing Industrialization Center, that were fundamentally in charge to transfer their knowledge to all the other engineers working on site.⁷⁹ Vanke's industrialization strategy also affected the landscape design of the outdoor surrounding environment. The design of D+H Lab, indeed, was mainly based on a square grid that, covering all the site, can easily accommodate Vanke pre-cast concrete modules flooring and hard landscape elements. A part from the utilization of the standard Vanke modules, the designers drew in collaboration with Vanke's Housing Industrialization Center, two basic elements, that could be recombined and assembled in more than 20 different combinations to create benches and other outdoor furnishing facilities (Figure 6.8.12). However, although the outdoor places showed a certain complexity of spaces and forms, the building's interior distribution remained quite ordinary, featuring a central passageway that serves private units on both sides.

If the third phase of the project was mainly similar to the second one, the fourth site host again a more iconic building with retail functions, the new "Vanke Square". The building face to an ample outdoor well designed area situated on the principal street intersection of Tianhe Wisdom City, creating an immediate sense of place for the coming Vanke Cloud City (Figure 6.9.13).

⁷⁹ Interview with Chang Li, engineer employed in the center for research on housing industrialization at China Vanke Co. Ltd.; The meeting took place in the offices of the China Vanke Housing Research Centre in Dongguan, on March 5th 2017.

6.8.4 Apartments' design

The first phase of the development accommodates 18 to 25 sqm loft apartments with a 3.5 floor height. Apartments are mainly single floor layouts but they can also host an extra mezzanine to provide bigger spaces for storage or an additional bedroom. Except for the bathroom, apartments are organized as unique open spaces in which all the living functions have been compressed. Very small size apartments involve a precise sizing and shaping of all housing spaces, equipments and furniture in order to save and exploit as much space as possible.

方案一 约12m²温馨简约、田园雅绿风
特惠价6311套餐

原价: 9443
特惠价
¥6311

万科云城 | 米
拎包入住计划

12m² 定制 温馨简约 感受不一样风情 田园雅绿

北郊阳光 科曼湖光 象牙白

设计师支招
招数 1: 确定色调, 根据入住时段
招数 2: 风格统一, 功能搭配合理
招数 3: 颜色合理, 减少柜体开孔

编号	产品名称	规格/尺寸/颜色/材质	数量	单价(元)
1	储物柜	2134X170X600	1	2934
2	书桌	860X755X600	1	620
3	衣柜	864X400X230	1	356
4	床头柜	800X700X320	1	1063
5	床架	2134X1000X400	1	2662
6	床垫	1930X2200X900	1	1513
合计				9443

Figure 6.8.14: Advertisement spot of Guangzhou Vanke Cloud City (Source: Guangzhou Vanke Cloud City WeChat Public Account. Available at http://bp.aduu.cn/mobile/apW81aMv4IYoVw0/front?channel=wxgzh&fromType=1&wx_code_cust=oLYZ7xKH3O1It95aBMh6TUgfvnh8&wx_code_com=gh_4e5256e7ceb8&t=1494586515796).



Figure 6.8.15: Interior picture of living and dining room of Guangzhou Vanke Cloud City (Source: Picture by the author in the model apartment of Guangzhou Vanke Cloud City).

The apartments have been so designed considering the features of furniture, provided by the furnishing company Shangpin Home Delivery (尚品宅配). Vanke contracted a business relationship with Shangpin Home Delivery in order to allow customers a certain grade of customization at discounted prices. Future inhabitants can so choose different furnishing styles, colors but also combination of standards module on the basis of their need and tastes (Figure 6.8.14).⁸⁰ In the meanwhile, within the frame of its “Sky Net Program”,⁸¹ Vanke was also responsible to guarantee the quality of the furnitures provided by Shangpin Home Delivery. All the interior components of the apartments were assessed according to the Vanke’s unified quality management system “two tools and one table” (see paragraph 7.4.4), which aims at improving the quality of newly constructed housing projects (Vanke CSR report, 2014).

Both the kitchen and the bathroom feature very minimal dimensions, so the sales brochure suggests placing the washing machine into the terrace. Further storage is provided in the under-stairs space, which presumably contains the vacuum cleaner

⁸⁰ Styles and features are explained in the post of the 27/10/2016 published on the Wechat public account of Guangzhou Vanke Cloud City, available at <http://www.spzp.com/index.html>

⁸¹ The “SKY net program” was the certified system Vanke adopted to rank its suppliers on the basis of its strict internal standards (see paragraph 7.3.3).



Figure 6.8.16: Interior picture of living and dining room of Guangzhou Vanke Cloud City (Source: Picture by the author in the model apartment of Guangzhou Vanke Cloud City).

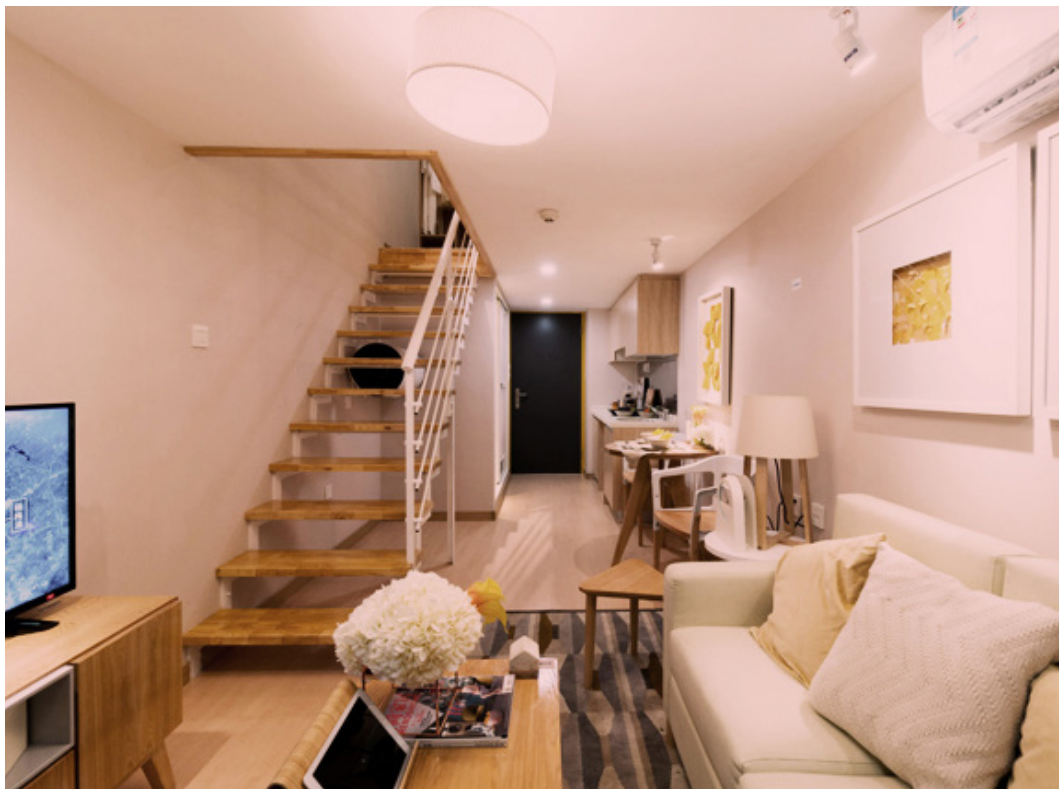


Figure 6.8.17: Interior picture of living and dining room of Guangzhou Vanke Cloud City (Source: Picture by the author in the model apartment of Guangzhou Vanke Cloud City).



Figure 6.8.18: Interior picture of living and dining room of Guangzhou Vanke Cloud City (Source: Picture by the author in the model apartment of Guangzhou Vanke Cloud City).

and other general cleaning equipment. In single floor apartments, the central open space cannot accommodate both a couch and a desk, so it is given to final customers the possibility to choose on the basis of their needs.

The second phase of the intervention feature bigger units that vary from 23 to 35 sqm with a 4.5 m height. Higher floors and different general distribution of the buildings, permitted to generate a more “flexible and changeable space”⁸² with consequences also in the apartments affordability and living opportunities. Indeed, bigger apartments can be divided into two stories, equipped with two separated entrances (Figure 6.8.16 and 6.8.17). This allows to draw two different units; in this manner “you can live on one floor and rent the other one, without any inconvenience” is written on the Vanke Cloud City Wechat official account.⁸³

⁸² Interview with Chang Li, an engineer working in the center for research on housing industrialization at the China Vanke Real Estate Co. Ltd.; The meeting took place in the offices of the China Vanke Housing Research Centre in Dongguan on March 5th 2017

⁸³ Available in Guangzhou Vanke Cloud City WeChat Public Account, at http://bp.aduu.cn/mobile/apW81aMv4IYoVw0/front?channel=wxgzh&fromType=1&wx_code_cust=0LYZ7xKH3OI1t95aBMh6TUGfvnh8&wx_code_com=gh_4e5256e7ceb8&t=1494586515796

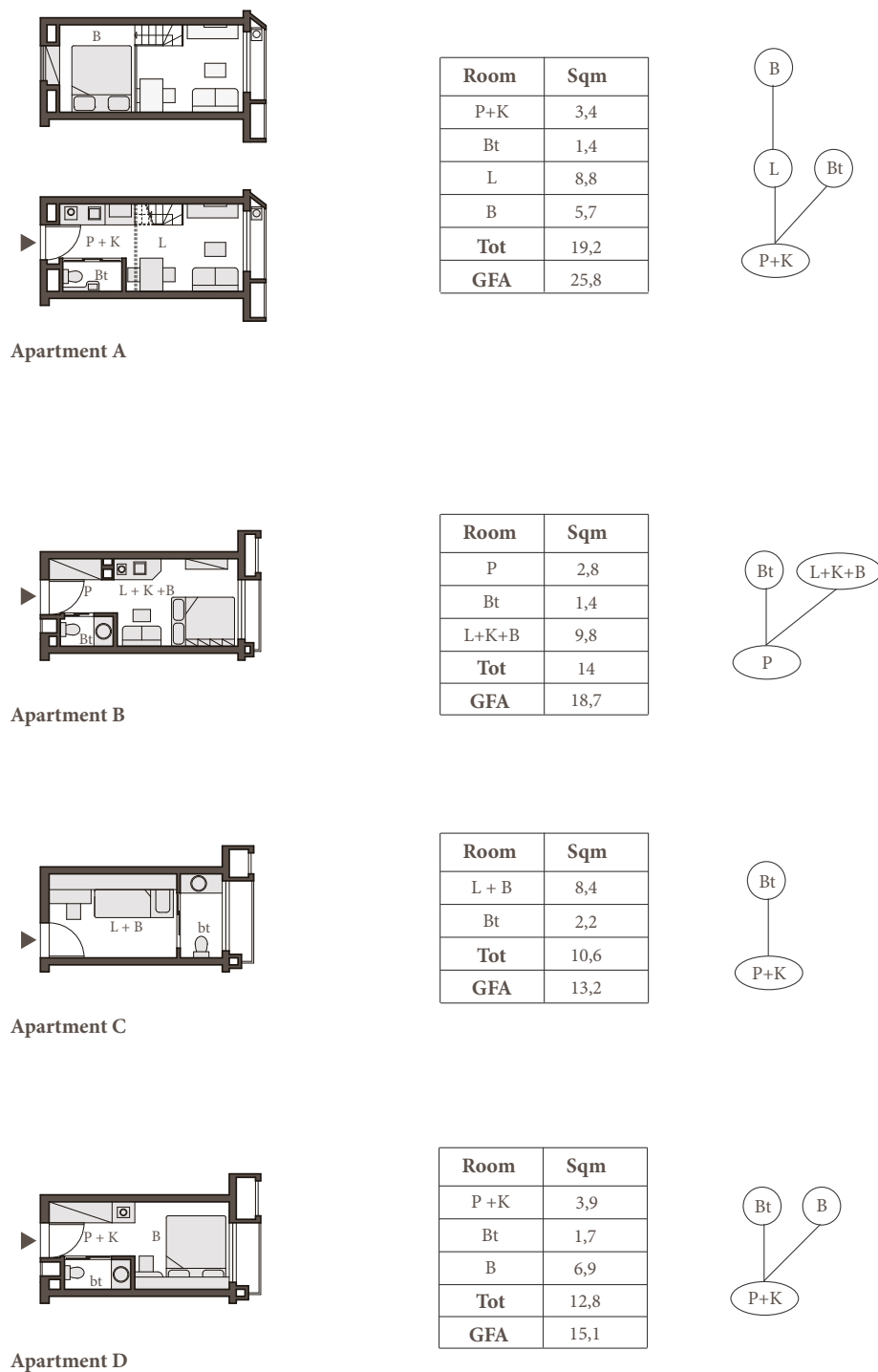


Figure 6.8.19: Guangzhou Vanke Cloud City Houses typologies and dimensions (Source: Elaboration by the author based on Vanke official website. Available at www.vanke.com).

Chapter 7

Business History of China Vanke (1988-2016)

This chapter examines the transformation of business strategies and narrative devices of Vanke, the main “leader” in the Chinese housing and real estate industry, between 1988 and 2016. There is not so much case study evidence on the historical transformation of Chinese Real Estate firms, but most of them are surely well known for their contribution in the seismic change of housing privatization in China. In this sense, the history of Vanke provides a new dimension in that the firm began the period as a multi-trading company, evolved into a professional housing developer and ended the twentieth century as an “urban service provider”. The study of the history of a real estate developer offers thus a novel point of view in that it has been one of the areas of business history which has been “generally ignored by business historians”(Weiss, 1989, p. 250). Some reasons for this stance may be the complexity of the real estate development process, the usual high fragmentation of the market, the low level of standardization attainable and the diversity of institutional and political forms employed in different time periods and countries (Harris & Buzzelli, 2005). However, China structural and historical conditions may be quite different from other countries with already consolidated economies. A case study, based on one single company, permits thus the exploration of such complexities in depth and can, as a result, challenge generalizations and models.

The history of Vanke is divided in five main period connected with some macro structural changes in the housing and real estate industry. Every paragraph begins by placing Vanke in its wider political and social context and by highlighting the major changes undergone by the firm in the period analyzed. Every paragraph is then subdivided in a small series of thematic subparagraph which discuss more in depth the main topics, discourses and events went through that period.

7.1 First experiments in Shenzhen Special Economic Zone (1988-1991)

Some documented events of Vanke's early history and how it became a domestic reference, which business was a model for other Chinese real estate companies, reveal a complexity of themes and figures, which have been many times overshadowed by a too much economic centered narrative. Different historical tales reveal some insights into Vanke's early stage practices and the course of some events that strictly affected the further development of the company. During the earliest years of its operations, Shenzhen Vanke defined some strategies and innovations which would influence its practices for the next decades. In the meanwhile, Vanke's founder has been able to spread Vanke's entrepreneurial culture from its managers to other employees, to other developers, to city planners and even to higher ranges in the Chinese Central Government. However, it is so much important to understand those facts within the deeper transformation that was occurring in the country, and particularly in Shenzhen Special Economic Zone, during the early stages of reforms.

In 1979, China began its privatization experiments only in a few test areas (Shenzhen, Zhuai, Shantou and Xiamen), and the same year the Bo'an county obtained the status of urban municipality, under the name of Shenzhen (Huang, 2017). In 1980, during the Third Plenum of the Central Committee, Special Zones have been then named "Special Economic Zones" (SEZs) to underline the non political particularity of the selected areas, but their fundamental economic relevance for the country. From that moment, Shenzhen was characterized by a strike and incredible demographic, as well as economic growth. In 1980, Shenzhen counted at least 340,000 inhabitants while in 2010 the official census population reached 10.36 million people (China Statistic Bureau, 2011). In the meanwhile Shenzhen's GDP growth at an average annual rate of 47% from 1980 to 1995 (Huang, 2010). In the years to come, the city resulted the most successful SEZ, not only in terms of economic growth but also in regard to the quality of its planning and development.¹ Indeed, during the following years, the city, as well as many agencies that in the Shenzhen started to move their first steps, became real models that inspired development practices in all the rest of the country (Bach 2010, p. 25). However, the general spirit, that enhanced a new system of production and exchanging of commodities, was then clearly reflected into the development of a real estate and commercial housing business, that early became the dominant housing provision system within the region. In 1995, the total number of non-governmental developed housing in Shenzhen (41,162,501 sqm) was around 10 times of the housing developed by the government (3,873,541 sqm)(Wang, 1995). Figure 7.1 shows the scale and fast growth of commercial housing development in Shenzhen since 1988. At the first stance, privatization of property rights was not attractive to many people that still benefit from public housing system, it mostly provide great incentives for the growth of commercial housing developers, because the high profits it generated

¹ Shenzhen was many times awarded as National Garden City, Model City and Innovative City by the Chinese Government (Huang, 2010).

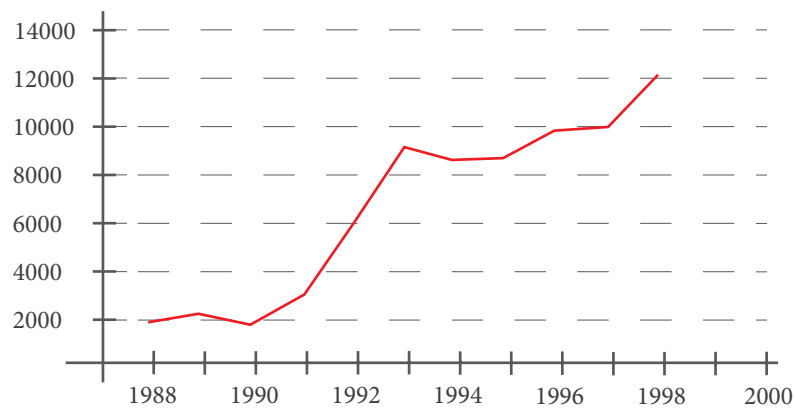


Figure 7.1: Commercial Housing Starts in Shenzhen (Source: Shenzhen Land and Planning Bureau)

(Zhang, 2002). In 1981, the first real estate development company was founded, and soon by 1997, there were already 3,567 real estate developers in China, when Vanke was acknowledged as the largest real estate company in the country.²

This section shows how Wang Shi and other Vanke's managers told about the company's professionalization, how they has been able to establish their own company, moving away from the control of the state, and how Vanke's first innovations influenced its business model in the field of real estate development and management.

Vanke began its operation as a multi trader company; however innovative management solution in the real estate field came very early, when the first "home-owners associations" (HOA) of China was established in Vanke Tianjing Garden (深圳天景花园). Vanke's sales representatives were so capable to promote this innovation as a strong added value for the buyers and for the housing communities. Vanke's founder took advantages of this and other new techniques in management that held marketable advantages, for presenting himself as a more professional developer and entrepreneur. The narrative of the modern and professional entrepreneur then resulted in a solid foundation for the development of a strong company culture.

Differently from other Chinese real estate companies, Vanke gained also a relative competitive advantage, in the earliest years of market formation, thanks to the introduction of the shareholding system and the issue of shares in the Shenzhen stock exchange. The availability of a huge amount of capital in a very short time, ensured the company the financial stability to make incredible profits on large scale developments. Moreover, showing how Vanke needed to adopt scientific management and standard control of procedures, that were later applied in the field of real estate business, is also another way of understanding its role in creating a repeatable brand house. It can be argued that standardization in legal and financial

² In 1997 Vanke became the largest real estate developer of China in terms of sale revenues (China Real Estate Yearbook, 1998).

procedures impacted in this sense urbanism and housing development, particularly in the push to create practices and rules that can be repeated in various settings, cutting times and costs but also improving step by step the quality of services and products. The earliest relationships of Vanke with foreign enterprises make also the company more willing to introduce new concepts and practices in mainland China and selling them as astonishing innovations. In this case, the transnational circulation of models and know how, not only refers to foreign planning concepts and architectural styles, but more importantly to management and business practices, that Vanke introduced for the first time in its native country.

It seems so that the earliest company's records, in Shenzhen Special Economic Zone, shed light on a number of professional figures and themes, rarely investigated by architectural historian and other scholars, who focused on China's urbanization, that otherwise influenced the development of some features which distinguished the housing promoter that would lead the Chinese market for the past twenty years.

7.1.1 Vanke Entering the real estate market

Up until 1988, commercial housing in Shenzhen consisted only in few projects, mostly purchased by public sector work units rather than private individuals (Wang & Murie, 1999). From late 1987 to 1991, the formal initiation of the real estate marketization process occurred (Fung, Jeng, & Liu, 2010). In the second half of 1987, some cities such as Shenzhen began trading land-use rights, even if there were no still clearly defined regulations that allowed this practice. In December 1987, the first piece of land was auctioned at a public bid in Shenzhen Special Economic Zone (Shenzhen Special Economic Zone Yearbook, 1989). The bid was won by Luo Jingxing, the same person who had previously been the former vice director of Shenzhen's Housing authority and that in 1980, head of Shenzhen Special Economic Zone Real Estate Company, co-developed, together with Liu Tianjiu (The first register Hong Kong Investors in Shenzhen), the first commercial residential estate in the People Republic of China (O' Donnel, 2015, p. 45). At the beginning of 1988, the first National Housing Reform Conference was held in Beijing, and it gave birth to the *Implementation Plan for a Gradual Housing Reform System in Cities and Town* (Wang & Murie, 1996). The transfer of land-use rights (although the state retained the ownership rights) was then formalized some months later, thanks to a new amendment to the constitution (Fung et al., 2010).

Shenzhen Vanke bought its first piece of land at the incredible price of 5.29 million US\$, through public auction, in November 1988 (Chen & Lin, 2014), what Mr. Wang defined as an "expensive ticket to the real estate business" (Wang, 2017, p. 42). There are mostly three kind of land rights transfer systems in China, through negotiation, by tender or by auction. According to Wang and Li (1998), in the early stage of market development, negotiation was the most frequent way to transfer land rights. Negotiations, otherwise, involved many non market factors, reinforcing the role of relationships between developers and local authorities, usually named "*Guangxi*" in China. On the contrary, land acquisition through public auctions evokes

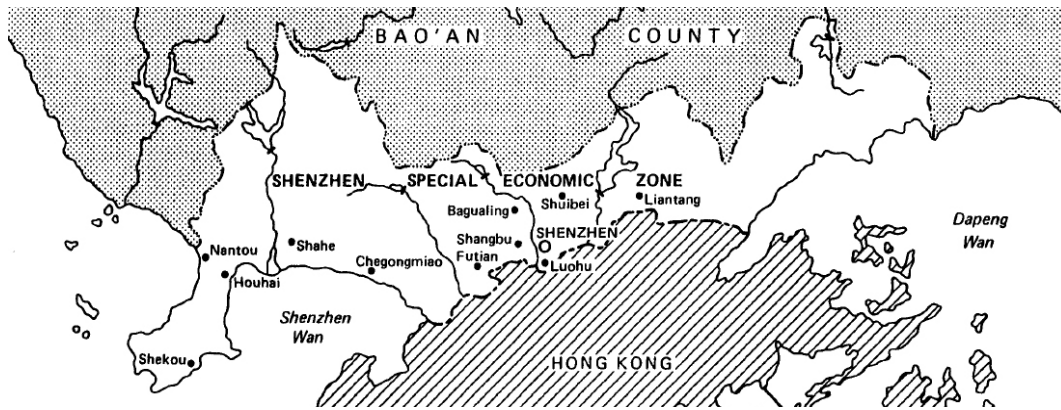


Figure 7.2: Map of Shenzhen Special Economic Zone (Source: Wong and Chu, 1985)

a more transparent and ethical behavior. Indeed, the rhetoric of buying land through public auctions, has been often used by Wang Shi, in public speeches, as a certain subject of pride for a company which “never bribe”.³ This fact would influenced Vanke land acquisition strategies and planning development in the following years, as well as it strongly contributed to the creation of Vanke’s corporate image.

During the same year, Vanke took two plots in Shenzhen that make rise to two different projects, Vanke Tianjin Garden (深圳天景花园) and Vanke Vuitton Villas (Vanke Annual Report, 1990). *Nuveau riches*⁴ and Chinese returnees were the first customers of the firm at the end of the 1980’ and Tianjing garden became the first integrated and gated community, promoted by the company. The site was situated in Luohu district, one of the most attractive place of the city at that time, because its strategic position near to Hong Kong’s borderline (Figure 7.2). However, Vanke Tianjin garden was still in line with many commercial housing estates built in the same period (See, e.g., Wang and Murie, 1999). It was a period during which the real estate industry was still rising in China, competition was not fierce at all and the company did not need to label its products too much from its competitors. Indeed, there were only few real estate enterprises in Shenzhen at the time, and during 1989 only six land transaction for housing purpose have been registered into the city (Shenzhen Real Estate Year Book, 1990). It seemed thus more important for Vanke to feature houses in order to differentiate them from the socialist period ones. In this sense, Vanke Tianjing Garden, together with other residential estates of the same period, determined a new era for the development of the future real estate and housing industry as a whole. Figures 7.3, 7.4 and 7.5 display housing estates developed by some real estate companies, active in Shenzhen during 1988.

The site of Vanke Tianjing Garden featured the dimension of a “large scale redevelopment”, mostly promoted by Chinese planning practices against the

3 Interview to Wang Shi in Wang Yi (February 2014).

4 The term *Nouveau Riches* is used in this context to indicated the first generation of Chinese people that, after the reform, was able to change rapidly its social status thanks to the opportunities given by new economic conditions in the country.



*Figure 7.3: Commercial Housing Estate in Shenzhen developed by Nanyou Real Estate Company
(Source: Shenzhen Real Estate Yearbook, 1990)*



*Figure 7.4: Commercial Housing Estate in Shenzhen developed by Wujian Real Estate Company
(Source: Shenzhen Real Estate Yearbook, 1990)*



*Figure 7.5: Commercial Housing Estate in Shenzhen developed by Shekou Real Estate Company
(Source: Shenzhen Real Estate Yearbook, 1990)*



Figure 7.6: Vanke Tianjing Housing Estate (Source: Picture by the author)



Figure 7.7: Vanke Tianjing Housing Estate (Source: Picture by the author)

regulation of small scale building activity, under the emphasis on economic growth (Abramson, 2008). The estate was surrounded by walls and fences and included facilities at exclusive use of residents, such as a swimming pool, a space for books and newspaper etc, and a security system was also provided to both entrances (Figure 7.6). The site enclosed different circulation for motor vehicles and pedestrian flows, green and well-finished landscape design, dressed with western style elements such as benches and lamps (Figure 7.7). Important changes were also made in the spatial layout of new apartments. Most important every unit was given to a single family with no shared spaces, except distributive staircases. This characteristic was opposite to pre-reform houses' organization, where it was common to find housing spaces utilized by several families at the same time (Juhahua, Rowe & Jie, 2001, pp. 179-180). Indeed, it has to be considered the general crowded situation of socialist

houses where private spaces have been reduced to an essential minimum.⁵

In Tianjin Garden, attention was also given to improve interior design of domestic facilities (Tube, Wire, Pipes etc). Housing spaces became much bigger and attention was given to the orientation of the houses and the subsequent ventilation of different rooms. It could be simply argued that commercial housing started to introduce the concept of comfort⁶ in the life of Chinese newly emerging “consumerist” society.

7.1.2 First steps towards Vanke professionalization: attracting and retaining talents

At the time Vanke developed Tianjin garden in Luohu district, the company was not still expert in the field of real estate industry. Historical traces report that Wang Shi organized an extemporaneous team, without any knowledge on the matter (Wang, 2017, p. 60). Some years later, as the business resulted highly profitable, while the demand for new housing in the country was increasing, Vanke gathered the first real estate section of the company and it started to attract talented designers and managers to carry on projects in a more professional manner. Following this line, Vanke firstly hired the two designers who won the competition to carry on the design of Shenzhen Tianjin Garden, Gao Feng and Fu Zhiqiang, both graduated at Tongji University. Attracting talents resulted thus as a way to acquire know how in fields in which the company was not still expert at all, revealed Wang Shi in his biographical records (Wang, 2017, p. 56).

However, it has been reported by Yi Dung (2004), that from 1984 to 1994 was still a phase of business diversification for Vanke. At the end of the 1980s and during the first years of 1990s, the company continued to manufacture different kind of products, promoting cultural materials etc. In 1994, real estate business accounted only the 15% of Vanke’s revenues (Vanke Annual Report, 1994) and Vanke’s strategy was still based on the model of Japanese big multi-trading enterprises (cf. Wang Kai, 2008). The meaning of expert workers was not so strictly related with a particular field of knowledge but mostly with the creation of a new managerial class. Managers, as explained by business historian Alfred Chandler, employed special skills for improving company’s efficiency and occupied a midpoint between laypersons and intellectuals (Chandler, 1968). It was under this perspective that Mr. Wang, in 1989 strategically attracted to the company “three stellar talents”: Sun Lu (a young professor from Tsinghua University), Li Jie (a young cadre from Wuhan) and Feng Jia (a graduate student from Southwestern University of Finance and Economics) (Wang, 2017, p. 42). These kind of experts most importantly represented properly experience for hire and to create the suitable environment and conditions

⁵ Between the 1950’ and 70’ per capita housing space in cities remained constant to 4 sqm (Juhahua, Rowe & Jie, 2001, p. 152).

⁶ It is possible to refer to the concept of comfort in domestic spaces as explained by Rudolf Rybcynsky (1986, pp. 81-117).

for talent's growth. In 1991, Vanke counted 340 employees, for an average age of 29 years. An article published in *The Sharing Stock Economy* reveals that Wang Shi, conscious of behavioral sciences and inspired by Japanese enterprises' model (cf. Wang Shi, 1992), concerned on what Oliver Sheldon in 1923, explained as the right balance between "things of production and humanity of production" (as cited in Kiechel, 2012). In this sense, while Vanke was undertaking the road to establish a scientific management system, the creation of a unique internal entrepreneurial culture still resulted one of the most important matter for its founder and general manager. This was also reflected into the creation and organization of new strategies not only to attract but also to retain talents within the company. Not only higher wages and economic benefits⁷ were provided to employees, but also different practices that would support their personal growth. Advisory council and Company's publications (such as *Vanke Weekly*) gave employees a new manner to express themselves, staff training courses started to be provided together with the opportunities to obtain important roles within the company in a relative short time period.⁸ For instance, Mr. Fu Zhiqiang, before mentioned, reached in few years the higher levels of Vanke's managerial position, becoming firstly deputy of Shanghai section and later vice president of the group in 1998.

All these facts were also part of the program, that gave rise to the slogan "Talent is Vanke's capital", adopted by the company in early the 1990s⁹ (Figure 7.8 displays the poster used by the company to recruit new working forces in 1991). The management of young talents and employees was a new important issue during the end of 1980s in China, as consequence of the changing regime in business operations (O'Donnell 2015, p. 46). It probably became one of the most important issue for those enterprises, such as Vanke, that were carrying on the way towards a wholly privatization of their business. Shenzhen itself, within an article published in the *Dynamic Information*, was also described as a place where an incredible number of excellent talents contributed to the advantage that the zone acquired respect to other places in the country (Zhang Kainan, 1994).

Among the same line, human capital has so been described by Vanke as the most important company's strategic resource at the time (Hu, Shan & Wei, 1991) and it started to become much important as the company was expanding its business in other part of China, such as Wuhan, Tianjin, Beijing, Qingdao (Vanke Annual Report, 1991). The emphasis on human capital, reported by numerous articles that appeared in *Vanke Weekly*, the newly born Vanke's cultural magazine, between 1991 and 1992¹⁰, also reflected the tendency in professionalization of the company. This

7 It was reported by Lin (1991), that Vanke employees' wages increased average of 64 % in 1988 respect to 1987.

8 Some of those strategic moves have been highlighted by Wang Shi himself (see Wang Shi, 1992).

9 The slogan appeared in some documents published by the company during those years (e.g., Hu R., Shan X. & Wei Z., 1991; Wang Shi, 1992).

10 It is possible to see many articles appeared in *Vanke Weekly* on 1991 and 1992. Available



matter subsequently became an important theme in the field of real estate through which developers were also able to use expertise as a form of legitimization of their practices. In the years to come, Vanke, most of all other developers, used professionalization and expertise to get stronger its corporate brand in the face of consumers and institutions. Finally Vanke's professionalism, that was reflected at

at <http://www.vankeweekly.com/?s=1991>

all the spheres, brought Wang Shi to be the real estate consultant of Chinese Vice Premier Zhu Rongji in 1997 (Wang, 2017, p. 56), an extremely critical moment for the subsequent development of the Chinese housing industry.¹¹

7.1.3 Revolutionize the estate management service in China: the first China's homeowner committee

An article appeared in the Chinese magazine *Housing and Real Estate* reported with a certain emphasis the scene when in march 1991 the first China's homeowner committee was held in Vanke Tianjing Garden community (深圳天景花园成立) (Wang Fei, 2011). During the meeting was present the highest level and founder of the company, Mr. Wang Shi. In that occasion, Lin Jianping and Lan Yun, homeowners into the community, were elected as the first owners co-management committee members. The reunion was caused by a dispute born in the estate for problems related to electricity fees (Wang Fei, 2011). After this fact, some specialized magazines, also years later, attributed to Vanke the role of pioneering and leading the management industry, particularly because the company, from this moment, established a new role for real estate developers into the country (Yang, 2014). This role, similarly to the American model, reflects a further step towards city service privatization in China and the retreat of the state in urban governance (He, 2015).

Subsequently, in 1992, Vanke Property Management Co. Ltd. was founded. The company, which would be later re-named Vanke Services, became an important subsidiaries of the property development company, both in term of profits generated, and in term of the contribution it would have to enhance the reputation of Vanke's housing estates. During the beginning of the 1990s, Vanke was carrying on business relationships with SONY, importing its VCR system in China. The main objective of the operation was to acquire from them manufacturing know how and become the best-selling home appliance brand in mainland China (Wang Shi, 2008). "Learning from the others" strategy, which characterized many Chinese enterprises during the first period of economic reforms, had also some influences on the real estate industry. Indeed, inspired by SONY's model, after sales services became one of the fundamental pillars in the construction of Vanke's corporate image and one relevant feature of differentiation from its competitors. Property management became the gist of Vanke's earliest projects. Tianjing Garden, to make an example, had not remarkable design features but the estate has been repeatedly renown for its management service until it was rated as *National Excellent Property Management Demonstration Housing Project* by the Chinese government in 1995.¹² Figure 7.8 shows the stand in Vanke Tianjin Garden in which several awards received by the management company are listed.

11 After several years of reforms in 1998 China's housing welfare system was finally abolished (see paragraph 7.3 for further specifications).

12 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

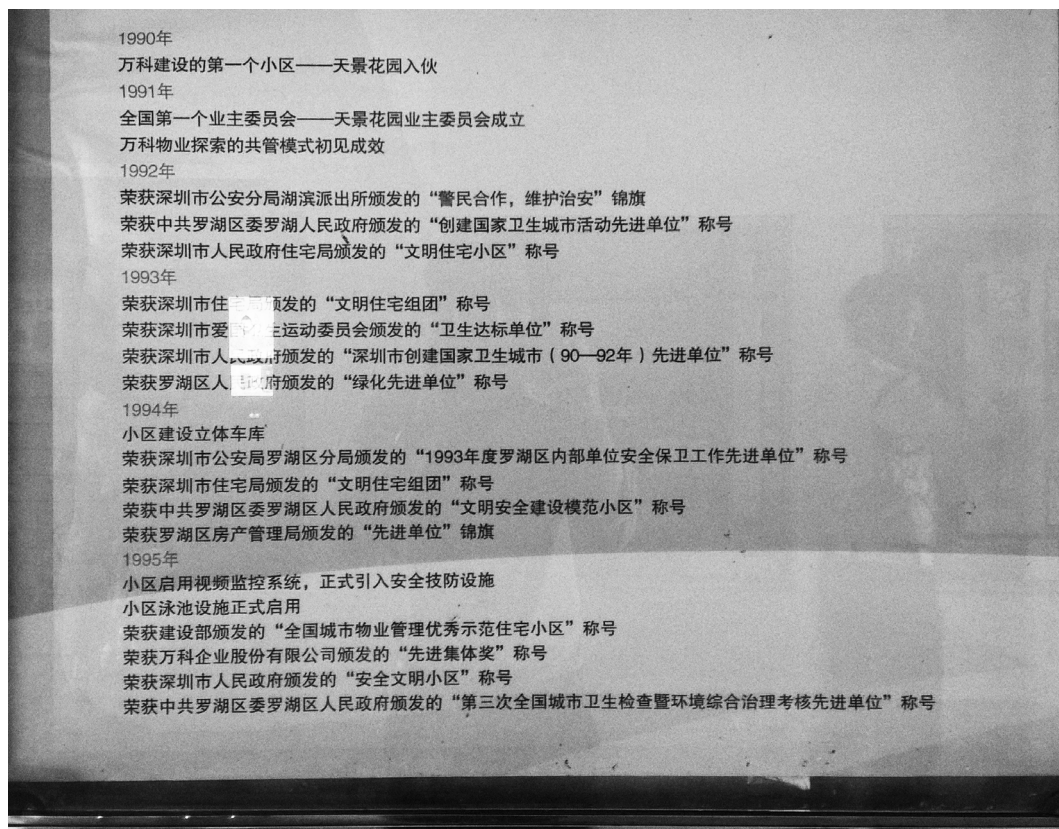


Figure 7.9: Vanke Tianjing Housing Estate Awards (Source: Picture by the author)

During the first half of 1990s, the development of the estate management business was also pushed by the Chinese government, that in this sense started to operate as a client, supplying out to private developers, not only its construction work, but also some of its management services (Zhang, 2002). In 1994, the municipal government of Shenzhen issued the first housing management regulation, *Housing Property Management in Shenzhen*, which include also the formalization of the Home Owners Association (HOA), pioneered by Vanke (Wang Fei, 2011). From that moment, all housing estates should be serviced by professional property management firms (Wang, 1995). The same year, the Ministry of Construction issued the *Management Measure on New Urban Housing Estates* (Cao, 2015, p. 83). The new guidelines introduced property management in the Chinese city as a new regulated profession.

Moreover, because property management resulted as a profitable business, Vanke started to operate it, not only among its residential properties, but also for other entities. Indeed, the first registered case in China that broke the rule “who developed, who managed” was the Ludan Village in Shenzhen, which management was entrusted to Vanke¹³. The tendency to be first in the market of property management did not end here for the company that, in October 1996, became

13 Available in “Vanke Memorabilia” at <https://www.vanke.com/en/about.aspx?type=6>



Figure 7.10: Vanke Service corporate logo (Source: Vanke Museum)

the first Chinese property management enterprise to obtain *ISO9002 Third-party International Certification*. Later in 2001, Vanke Property Management Co. Ltd. was also certificated in China, obtaining *Property Management Qualification Certificate*, issued the first time by the Ministry of Housing and Urban-Rural Development (MOHURD).¹⁴

Vanke still continued to improve its service in the years to come, particularly considering the growing competition in the field. Already in 2002, the 38 % of urban buildings was under professional management companies (Cao, 2015, p. 225). Otherwise, not only the role to establish the industry but also the one to lead and improving property management practices in China, has been attributed to Vanke by experts in the field. For instance, Zhang & Alon (2010), in their book *A Guide to the Top 100 Companies in China*, described Vanke's property management practice as one of the main standing point of its differentiation from the competition. "Unlike most developers, Vanke manages the property it builds, which removes an incentive to cut corners on construction and reinforce the company's focus on quality" (Zhang & Alon, 2010, p. 121).

7.1.4 Modern management and procedure standardization: from the shareholding ownership to the Shenzhen stock exchange

In 1986, the *Reform of Joint-stock Enterprises in Shenzhen Special Economic Zone* was approved. Provisional regulations were made initially to transform big state owned enterprises into shareholding companies (Shenzhen Special Economic Zone actively promotes shareholding system reform, 1991). The new regulation attracted then the attention of Mr. Wang, that saw them as "a very fortuitous opportunity" (Wang, 2017, p. 34). Indeed those regulation allowed him to "move out from under the onus of SD, that still controlled its operation" (Wang, 2017, p. 35).

Vanke's shareholding reform was approved in 1987 (Figure 7.11), together with other eight big enterprises such as Jintian, Ann Reach and Wilderness. In 1988, *The Reform Information* published an inquiry, carried out by the Public Division Office in charge, into the economic conditions of Chinese enterprises that adopted

14 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

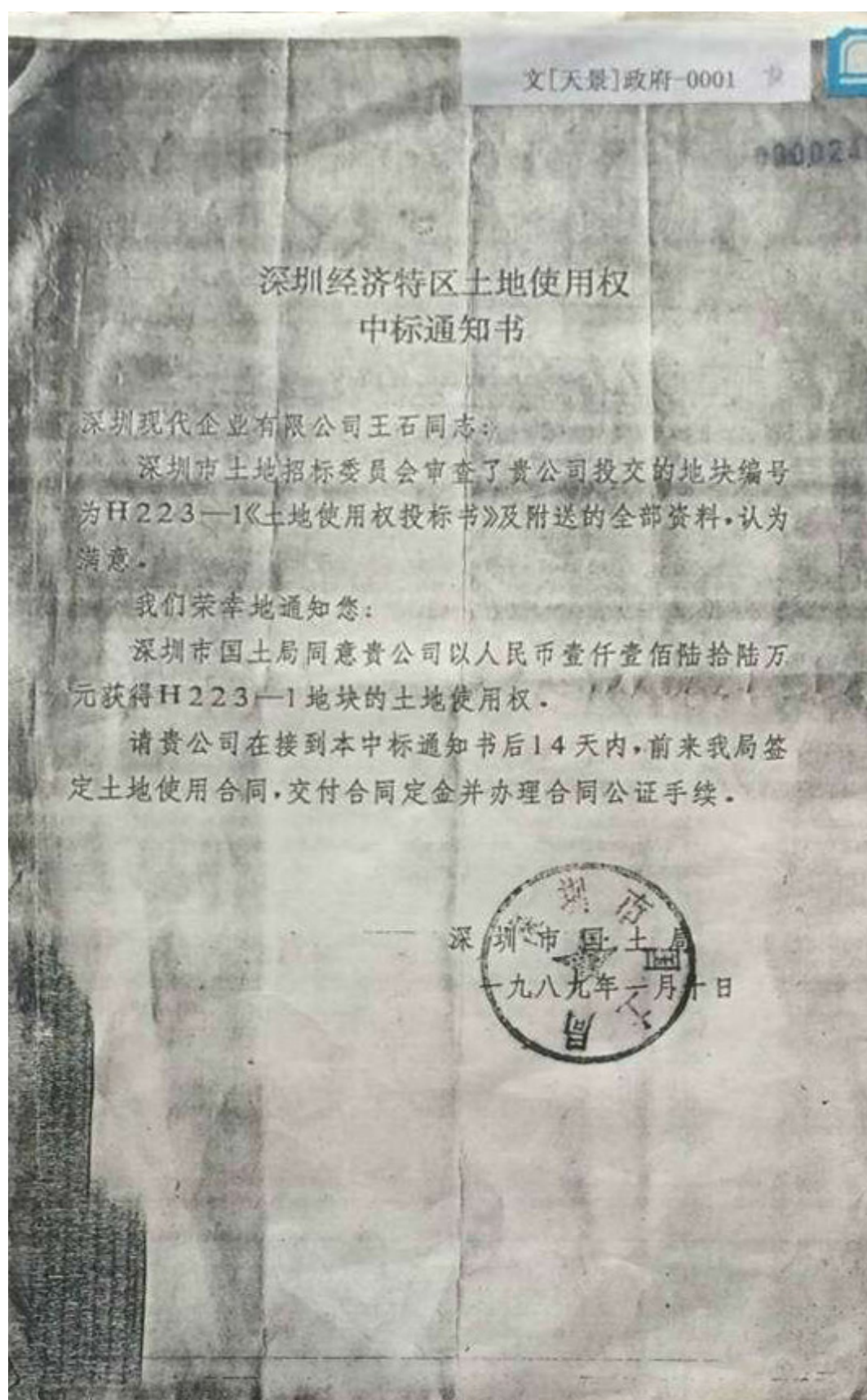


Figure 7.11: Vanke Shareholding System Certificate (Source: Vanke Museum)

shareholding system. The document displayed the economy benefits gained by those companies, that on average increased their net profits by 21.5 % respect to the previous year (Shenzhen Special Economic Zone actively promotes shareholding system reform, 1991). Vanke, more than the other companies, increased its revenues by 95 % respect to 1987, reaching in 1988 a net profit of 11 million RMB (Lin Shao Zhou, 1991).

In this manner, Vanke became a “public company”¹⁵ with Wang Shi as its chairman and general manager. A long article, written by Wang Shi and published in the *Practice and Theory of the Special Zone* of 1992, allows to understand the major changing adopted by the company in this crucial year (Wang Shi, 1992). From that moment, the government’s reduced stake (down to 60%) and the broadened shareholder mix allowed Vanke to diversify its business in areas such as printing, jewelry manufacturing, department stores and even film production and electric power distribution. Vanke had also the possibility to attract more foreign investment, augmenting the capital raised from them to 10 million RMB in 1988. Vanke suddenly started to cooperate with foreign enterprises from England, United States, Italy, Hong Kong and Japan in business such as industrial design, electrical equipment, watches and decoration (Wang Shi, 1992). However, in the long term, the shareholding system initiative brought some advantages to the company not only in financial terms.

Firstly, the company started to structure more deeply its management system: different tasks were allocated to the Investment Decision Center, the Internal Settlement Center, the Monitoring and Control Center, the Asset Management Center and the Talent Training Administrative Support Center. Scales of operation became larger and different funds structures were established. Internal management system was improved and standardized procedures were created thanks to the consultancy of Sun Hung Kai, a well known Hong Kong securities firm.¹⁶ Many Vanke’s future strategies were already at the door when Wang Shi told “we intend to be the most standard enterprise in all of China” (Wang, 2017, p. 44). Indeed, the shareholding system would also affected the role of corporate management and strategic decision making of the company, that would started to take into consideration their roles in creating wealth for shareholders (Kiechel, 2012). Following this line, for the first time a central role was given to the financial department of the company that assumed “a clear position, becoming the lifeblood of business operation and the foundation of successful ones” (Wang, 2017, p. 41).

However, the introduction of the “shareholding system” seemed to be not enough for Wang Shi. Some years later, the CEO of Vanke proposed the company

15 It is important to distinguish the term and the meaning of “public company” and state owned enterprise. This latter refers to a company which control is mostly owned by the state. By contrast the term “public company” is adopted to describe a company which control deserve to a broader mix of shareholders.

16 Sun Hung Kai was an Hong Kong listed company that was one of major Vanke’s financial consultant, as well as its real estate subsidiary became a model for Vanke to learn from.



Figure 7.12: Vanke Listing Company Certificate (Source: Vanke Museum)

to enter the newly established Shenzhen Stock Exchange¹⁷. In January 29, 1991, Vanke shares were officially listed on stock market of Shenzhen and Vanke became the second listed company in China (Figure 7.12), raising only in one year around 130 million RMB (Lin Shao Zhou, 1991), and thus anticipating and supporting a further period of fast-peaced economic and geographic growth for the company.

7.2 Housing market in expansion (1992-1998)

In 1991, the Chinese government issued the *Urban Housing Reform Resolution*, a document which implemented the previous policy, drafted in 1988, and confirmed the plan of the central government to carry on housing reforms (Wang & Murrie, 1996). The circulation of the new policy was not far from the second tour of Deng Xiaoping in the south (Shenzhen), occurred in 1992, when the Chinese premier, pleased by the results obtained from the economic reforms' experiment in the selected areas (the well kown SEZs), announced his intention to expand the reforms to the whole country (Vogel, 2011, p. 682; Cao, 2015, p. 84). Expanding the reforms was properly meaning to designate more cities as economic development zones¹⁸ with relaxed regulations on the transfer of land use rights (Fung et al., 2010). In the same period, as following Deng's directives, Vanke, together with some other enterprises and real estate developers, began to expand its market range and to move their operations from Shenzhen all over China. Particularly, in 1991, after the period spent by Deng Xiaoping in Shanghai and along with the opening of the Pudong Area, a significant amount of Foreign Directed Investment (hereafter FDI) swarmed into the region of the Yangtze River Delta, thus bringing to a fast development of the manufacturing and real estate sector in the area (Vogel, 2011, p. 703). Deng's southern tour was also the starting point for a second boom of the real estate market, which coincided with a rapid expansion of Vanke's business. However, the boom was also characterized by fiscal devolution and incentives for local governments,¹⁹ which brought to a fast-pace land development period.²⁰

17 The Shenzhen Stock Exchange was established on December 1, 1990.

18 In 1991, the State Council opened the doors to 5 capital cities of the inland provinces and autonomous regions; it organized 15 trade zones, 32 state-level economic and technological development zones, and 53 high-tech industrial development zones in large and medium-size cities (Shiwen, 2008; Vogel, 2011, p. 695).

19 According to Wu (2015) (the new taxation system reduced the proportion of central government revenues, in favors of governments' profits at the provincial and municipal level). In 1994, former premier Zhu Rongji developed a tax-sharing system and tightened up micro-economic control. In 1994, a reformation of the taxation system affected the raising and distribution of land value-added taxes. This has enhanced central government's control over local income tax arising from land revenues, while local governments have expanded into the development of areas such as tertiary industry and real estate. These tax reforms encouraged local governments to become more actively involved in commercial forms of property development either through land auctions, tender or direct negotiation, as it was now necessary for them to be more market-driven (Shiwen, 2008).

20 According to Shi (2009, p. 31), in 1992, the total investment in real estate reached the total sum of 73.2 billion RMB , increasing 117 % compared with 1991. The same year 71.5 million square meter of residential are were completed, more than doubling the number of 1991. Later on, investment in commercial housing increased to nearly 60 % in 1994 of total urban housing

The following section of Vanke's history displays how the company would begin its business rationalization (see the next paragraph for further specifications) perfectly in line with those and other political and macro-economic directions. Indeed, Vanke decided to strengthen its participation in the housing market when the document *Notification on Various Issues Regarding Developing China's Real Estate Industry* made clear that the housing sector would be largely supported by the government and promoted as the principal economic engine of the country. Such reform, further powered by another fundamental document, issued in 1994 and named *The Decision on Deepening Urban Housing Reform* (Wang & Murie, 1999, p. 155), originated thus a period of fast-peaced growth for Vanke, as well for many other real estate organizations into the country.

During this small real estate market boom, the growing inflation of housing prices brought commercial houses to become an investment resource for 'new riches' in China (Cao, 2015, p. 84). In this situation, Vanke, as well as many other developers, was thus committed to exploit this distinct social target of consumers (see e.g. the cases of Vanke City Garden (万科城市花园) in paragraph 6.1 and 6.2). Indeed, so called *neuves riches* were the solely people who can afford commercial houses when individual mortgages were not yet available in China.²¹ Vanke and other developers would thus hold the possibility to advantage larger profits collected from housing projects' sales in the luxury market.²² Moreover, according to Wang and Murrie (1999), in this stage of market development, houses for "ordinary people"²³ were mostly commercialized in a semi-market system and it should be assumed they followed a different path of market development. Developers working in this sector invested in land development, through government regulations, but their houses were immediately granted to state-owned enterprises and allocated to employees.²⁴

Up until 1997, the real estate market in China experienced a tremendous increase of property development enterprises²⁵ and real estate services, such as real estate brokerages and property management agencies (Fung et al., 2010). However, in 1995, the market started to decline with the collapse of the rampant market in Hainan Island and the downturn of property market in the big coastal cities, such as Guangzhou and Shanghai (Wu, 2015). Finally, the downturn of the market ceased

investment from the 27 % registered in 1991(Wang, 1992).

21 Bank mortgages would have become available for Chinese single home buyers in 1998 (Cao, 2015, p. 90; Wang & Murrie, 1999; Wu, 2012).

22 It is well acknowledge that luxury markets are usually more profitable, even if more risky.

23 Further explications on the definition and the discourse around the term "ordinary people" are given in paragraph 7.3.1.

24 In other words the system of housing allocation for "ordinary people" was the same of the past but the land development costs and risks were undertook by private developers.

25 "At the end of 1995 there were more than 23,000 real estate development companies working in China, employing over 733,000 persons. Of these companies, 43 % were owned by the state, 24 % by the collective sector and another 21 % were controlled by foreign investment, including overseas Chinese investors from Hong Kong, Macao and Taiwan" (Wang & Murrie, 1999).

in the big Asian crisis of 1997.

Taking into consideration this path of market development, this paragraph shows how Vanke reacted to these macro changes, how it was able to readjust its strategic goals and operations in the wake of economic and housing reforms. If the history of Vanke's business rationalization is well known from an economic point of view, this paragraph tries to show that Vanke was focused on developing professional spirit and expertise, by rationalizing the use of its economic and managerial resources. Vanke would be so structured toward production of knowledge and innovations. Its strategy would focus on creating an elite research department which engineers and architects could function as experts for continuously improving its real estate projects. All these factors marked a watershed in Vanke's history, because they involved the company in shifting from a corporate multi-trading group to a professional enterprise focused on housing and real estate. This factor completely revolutionize its strategic goals as well as most importantly the way Vanke would promote its brand in the following years.

7.2.1 Business rationalization: Vanke as a professional residential developer

Within business studies, there are three kinds of corporate model: “concentrated operations (67% of operating revenues come from one business unit), a certain degree of diversification (at least 67% of operating revenues come from two business units), and diversified operations (less than 67% of operating revenues come from any two business units)” (Wang, 2017, p. 154). This is the analysis that Wang Shi brought from the famous consultant company McKinsey and that should be useful to introduce the period that saw Vanke to shift from a diversified operation model to the most concentrated one, carrying the company to develop a solely expertise into the real estate business.

Even if, Vanke completed its business and product rationalization²⁶ in 2001, first records of new strategic lines, that have guided such a critical and complex process, could be traced by 1993. Many documents (Vanke Annual Reports, 1992, 1993; Vanke Development History and Corporate Culture, 2017; Wang, 2017, p. 69) revealed Vanke's intention to leave the idea of the comprehensive business enterprise and to become a professional real estate developer in the following years.²⁷

26 For business rationalization is intended “a reorganization of a company in order to increase its efficiency”. This reorganization may lead to an expansion or reduction in company size, a change of policy, or an alteration of strategy pertaining to particular products. Business rationalization included strategic as well as structural changes.

27 Vanke was not the only enterprise to reorganize its company's business in those years. A very similar route for instance have been undertaken by the Baoan Group that moved its business in solely real estate and pharmaceutical fields (Shi, 2009) or Sanjiu that went exclusively in Pharmaceutical industry (Ma & Huang, 1999).

Indeed, in the first years of the 1990s, when reforms started to spread all over China, Vanke was defined both by local magazines, and by Vanke's managers as a "comprehensive enterprise group with a trans-regional operation".²⁸ The definition was not only a state of facts but also the result of previous goals set up by the company's directors.²⁹ Moreover, this time span has been for Vanke a period of geographical expansion, that brought the company to follow the route of Deng's political lines. Indeed, already in 1994, Vanke was operating in more than 13 cities in China (Vanke Annual report, 1994). Secondly, Vanke was participating and anticipating a new growing phenomenon in the country: companies' merges and acquisition within the stock market (Gong Kaifen, 1996). The *Securities Industry* in the PRC reported one of Vanke's acquisitions as "the first case of China participating in shares and operations through the secondary market in good faith". The article described the fact: "On November 10th 1991, the company invested RMB 39.73 million to buy 1.35 million of ordinary shares of Shanghai Shenhua Industrial Co., Ltd., accounting for the 5% of the total share capital. The two sides announced that they would cooperate in joint-stock operations". It is well acknowledged in the history of Vanke that, in 1992, the company co-invested with 13 local partners in China, both in real estate and other sectors (Gong Kaifen, 1996) and, in 1994, the company has founded 24 subsidiaries corporations (Vanke Development History and Corporate Culture, 2017). All these circumstances make clear that the early 1990s were a period of big and fast-paced growth for Vanke, later called by Wang Shi, as its "first round of expansion" (Wang, 2017, p. 98). Not only, in 1994, the group still operated in a large number of different businesses, such as real estate, equity investment, consulting service, advertising management, film/television, culture, trade, commerce, manufacturing and print design (Vanke Annual Reports, 1992-1998; Zheng Kainan, 1994), but also it managed a differing portfolio in the the field of real estate, promoting residential, commercial as well as office properties.³⁰

In the meanwhile, Vanke decided to cooperate with other developers in order to undertake property projects at larger scale. To make some examples, in 1994 the company completed a multi-functional building in Shenzhen, the Lai King Building (荔景大厦), of which Vanke owned the 66.7 % of interests, and a residential one, the Wanjing Mansion (万景大厦) in the center of Futian New Area. The same year, it completed, in Shanghai, 88 high end luxury villas of Xijiao Garden (西郊花园), owned for the 50% by the company and a commercial property, the Vanke Plaza, which was totally owned by Vanke. The biggest project of the company, which would have been developed in several phases during the whole period of Vanke business adjustment, was Shanghai Vanke City Garden (万科城市花园), which features an area of 383,000 square meters (see paragraph 6.1). Coming back to

28 "Jiā kuà dìyù jīngyíng de zònghé xíng qǐyè jítuán" is the description wrote by Zheng (1994). The same concept has been later expressed by Mr. Wang in its autobiography (Wang, 2017, p. 62).

29 Standing to Wang Shi, the decision to become a comprehensive commercial association, a *zaibatsu* in Japanese, was approved during the Vanke's annual meeting of 1991(Wang, 2017, p. 62).

30 In 1993, housing still represent only the 25 % of Vanke's total properties (Wang, 2017, p. 105; Vanke Annual Reports, 1993, 1994).

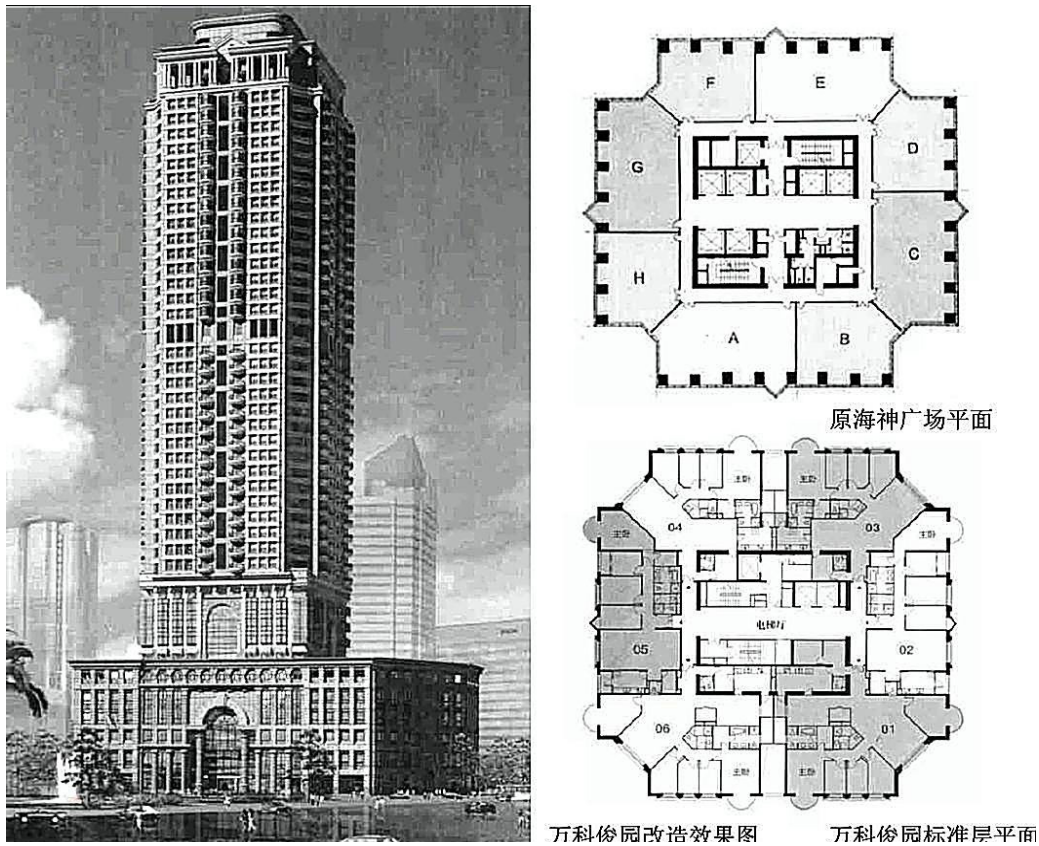


Figure 7.13: Pictures and drawings of the Juno Tower (Source: Huang Tingdong, 2007).

Shenzhen properties, in 1998, it was completed another important high-end office and residential project, namely The Juno Tower (万科俊园) (See figure 7.13), promoted by Vanke, and that still represent a landmark in Shenzhen Central Business District. Following this line, many other projects have been also developed in several other cities such as Qindao, Tianjing, Beihai and Anshan.³¹

It seems that endeavors, undertaken by Vanke in its first round of expansion, made its corporate image to acquire a reliable consideration by experts as well as governmental institutions at that time. It is so reported in Vanke's milestones that "in December 1996, the company won the *Shenzhen Jinpeng Award for the First Excellent Enterprise*", issued by Shenzhen City Municipal Government, and shortly after Wang Shi was awarded the *First Excellent Entrepreneur of Shenzhen Golden Bull Award*.³²

However, in the same period, some sources narrated how Vanke started to suffer problems on human resources and finance. Referring to Vanke's managers and experts, this fact was mainly related to a dispersion of its economic means due to

³¹ All the informations about real estate projects have been retrieved by Vanke's Annual Reports (from 1991 to 1999).

³² Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>



Figure 7.14: New Vanguard Store in Futian, Shenzhen (Source: Vanke Annual Report, 1999).

the oversized scale of its business operations (Wang, 2017, p. 101). If the economic performance of the company was still in a phase of incredible growth at the end of 1994,³³ the situation was not as commending three years later. Indeed, years 1995 and 1996 saw a slightly decline of company's revenues and profits. Table 7.1 displays some financial data of the enterprise for the whole period of its business rationalization. Moreover, Wang Shi was the first to acknowledge that Vanke had to pay a price for its first round of expansion (Wang, 2017, p. 103).

Adopting a perspective that focuses on the firm's internal dynamics, it has been shown before that the big scale of business operations brought Vanke to loose efficiency and consequently to consume a large amount of money. Instead, looking at the phenomenon from a broader and macro-economic point of view, it has also to be considered that, at the time, the real estate market, as well as the whole Chinese economy, was suffering from the downturn of 1995-1996 that led to the big Asian crisis in 1997 (Wu, 2015).

Preserving a point of view that looks at Vanke as a company included in a certain political and economic environment, some historical facts also highlight

33 The scale of Vanke revenues fluctuated from 1.2 billion to 1.5 billion. In 1994, there were profits registered for more than 150 million yuan, with total increase of 13.5% respect to the previous year (Vanke Annual Report, 1994; Li Xiao, 1995).

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues (100.000 RMB)	422,69	661,36	1,084,04	1,227,54	1,503,75	1,177,71	1,947,64	2,206,15	2,840,18	3,703,43	4,226,11
Profits (100.000 RMB)	28,22	79,15	180,90	215,03	208,14	199,15	233,42	261,58	307,18	398,17	499,06
Percentage of revenues in Real Estate (%)		30		52	50		68	62	62		100
Percentage of profits in Real Estate (%)		48		69	75		71	89	87		100

Table 7.1: Vanke's revenues and profits from 1991 to 2001 (Source: Vanke Annual Reports, 1991 - 2001).

why Vanke's managers and shareholders agreed to move most of its resources in the field of real estate and in particular on the housing sector. Indeed, the Chinese government, on the one hand, put much emphasis on the housing reform of 1991 and of 1994,³⁴ on the other hand, the same year, it introduced a new tax on "the whole process of commodity production and circulation" (Hannan, 1998, p. 106), which was not beneficial to some other Vanke's businesses.

At the same time, other data, retrieved in Vanke's internal documents, provide a further explanation about the motivations that brought the company to continue the business rationalization process as well as to understand some of its strategic lines. Firstly, real estate was found a tremendous profitable business. For instance, Vanke's projects in Shanghai, Vanke Waltz Garden (西郊花园) and Vanke City Garden (万科城市花园), sold good and profits were registered higher than 28 % (Vanke Annual Report, 1994). In 1994, the real estate reached the major economic contribution to the group, providing 52.92 % of its turnover and 68.58 % of its total profit, while other activities registered an extremely minor profit ratio (Vanke Annual Report, 1994). In 1998, real estate business continued to expand and its operating income was RMB 1.521 billion and net profit was RMB 182 million, increasing of 21.2% and 45.6% respectively over the previous year (Vanke Company Report, 1998). The same trend continued until 1999 when the property development and management accounted for the 67 % of the company's revenues and it was the 79 % of the company's profits. For instance, retail activities, that represent 29 % of the company's revenues, were only 8 % of its total profits (Vanke Annual Report, 1999, p. 14). Table 7.1 resumes some financial trends of Vanke in the time-span comprised between 1991 and 2001.

In May 1996, in order to better achieve set goals, the company launched its Fund Settlement Center, with Yu Liang³⁵ as its general director. Vanke itself described and praised the function of the new department. "The Center played a critical role in integrating the company's resources and improving its management efficiency, and

³⁴ A discussion on housing reforms of the period has been provided in the introduction of this paragraph.

³⁵ Yu Liang would have become the new CEO of the company in 1999, soon after Yao Mumin, the successor of Wang Shi, resigned for healthy diseases.

also laid a solid ground for directing all the fund settlements in various branches to the Company's Headquarter".³⁶ The same year, the new department functioned to implement the adjustment process which comprehended both a geographical re-dimension both an investments one. Firstly the company reduce the scale of operations to those regions where the business was more profitable and where investments would have been less dangerous. Vanke turned its real estate business from 13 to 4 important cities, Beijing, Tianjin, Shanghai and Shenzhen, with a particular focus on Shenzhen (Wang, 2017, p. 102).

For what concern the adjustment of its not-core businesses, in 1996, the company sold the Shenzhen Yibao Food and Beverage Co. Ltd. (Wang, 2017, p. 103). In 1997, it transfered all its shares of Shenzhen Vanke Industrial Speaker Factory and Shenzhen Vanke Power Supply Co. Ltd. (Vanke Company Report, 1997). The sale of those companies, as well as many other equity investments, permitted the company to better concentrate its resources into the housing sector. For instance, in 1997, Vanke raised 383 million yuan of funding from the issues of B shares and it invested much of the capital in real estate projects and land reserves³⁷ (Chen & Li, 2003; Wang, 2017, p. 102). Later on, in February 2001, the company sold all its interests in Vanke Gift Manufacturing (Vanke Company Report, 2001, p. 40). Finally, the sale of Vanguard to China Resources Holding (CRH)³⁸ (See Vanke Company Report, 2001, pp. 40-43; Shao Xiaomeng, 2001; Wang, 2017, p. 151-155; Wang Shi, 2001) and its subsidiaries in September 2001, was the last step of Vanke's business rationalization. As claimed by Wang Shi (2017, p. 102) "Vanke had entered a new round of growth".

It is such clear, reading some documents,³⁹ that before its business re-adjustment, real estate was merely an economic mean for Vanke, rather than a field of expertise. This was perceived also by some of its employees: according to a column in *Vanke Weekly*, solely some of its real estate projects, such as the emergence of the Vanke City Garden Series (万科城市花园) (Cf. Paragraph 6.1 and 6.2), were really moving Vanke's real estate business into a more mature period.⁴⁰ It seems indeed that those projects were shifting Vanke from the passive selection of properties to a more discerning definition of their extrinsic value. Moreover, when the adjustment process was still at the end, the year 2000 was entitled by the company as "the year

36 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

37 According to Chen and Li (2003), 330 million yuan were used for land bank in Shenzhen.

38 China Resources Holding is a huge state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. It is involved in several business both in Hong Kong and mainland China (See China Resource Holding Official Website).

39 Both in company reports, both in Wang Shi biography, the language and themes adopted to describe the company, in the period before and after the business reorganization are highly different. Moreover also the number of article in local magazines and newspapers, that talk about Vanke's housing, started to increase from 1999 onwards, at the expense of the ones mainly related to Vanke's finance and business information.

40 Available in Mo, J. (1995). From active to passive, Recognize the development of Vanke Real Estate. *Vanke Weekly* 168.at <http://www.vankeweekly.com/?p=68409>



Figure 7.15: Advertisement posters of Vanke's professional spirit (Source: Vanke Annual Report, 1999).

of professional spirit” (Vanke Company Report, 1999, p. 4) (Figure 7.15 displays a corporate adverting of Vanke which enhance the value of professionalization).

Along these lines, it should be argued that, rather being only an economic issue, the process of business and products rationalization, gave further legitimacy to Vanke's managers in selling the company as an authentic professional firm in the real estate industry. While the company established its position in a defined market, it can fulfill its unique advantage and begin to rise its own brand identity. Indeed, according to its biographical account, in 1997, Wang Shi was already trying to sell professionalism in the field of real estate, through participation to specific seminars and public discourses.⁴¹ Shortly after, Wang Shi became the advisor on real estate

41 In February 1997, Wang Shi attended a public forum where he discuss real estate in an “academic perspective” (Wang Shi, 1996, 2017, p. 115). In November 1997, Wang Shi was invited

of the Chinese vice-premier Zhu Rongji, further strengthening its reputation as well its personal network in Beijing. Within an interview, published in the *Shenzhen Business Daily*, Wang Shi told about specialization as one of the main competitive advantages and “success secret” of Vanke (Feng Hao, 2000). It was only some years later that this spirit ceased in the declaration of The New Housing Movement (新住宅运动) (See paragraph 7.3.1).

7.2.2 Research & Development in the real estate industry: establishing the Vanke Architecture Research Center

There are not so much real estate firms worldwide that made investments in research and development, conversely many studies account how real estate and housebuilding are industries generally slow to innovate (e.g., Ball, 1999). Vanke began its housing innovation route at the end of the 1990s. The company, which born as a multi-trading and manufacturing enterprise started to invest in innovation soon. For instance, two articles of different magazines, published in 1994, registered some innovation efforts commenced by one Vanke’s subsidiary in Beijing, the Vanke Hing Technology Development Company (北京万科兴技术开发公司).⁴² Even if these historical accounts have to be consider, in a certain sense, part of the process that would bring to Vanke’s advancement in research and development, more importantly it should be highlighted the position that Wang Shi was covering between 1997 and 1999 in Beijing. As real estate consultant of the vice-premier Ruo Munijin, the Vanke’s leader can leverage a certain notoriety within the high spheres in the capital city and bring more institutional attention to his company.

Indeed, Xiao Jingwen,⁴³ a Vanke employ, reported that a preliminary idea behind the establishment of a Vanke Research Center, in the field of Housing and Real Estate, emanated also with the support of other sources,⁴⁴ including high officials in the China’s Ministry of Construction.⁴⁵ Wang Shi and Miss Nie Meisheng, Director of the Housing Industry Office,⁴⁶ realized together that a special regard to the technological aspects of residential buildings, principally aimed to improve their quality and

to a conference in Shenzhen Municipal Building to discuss advancement of real estate developers, which brought Vanke’s founder to become the following year the special consultant on real estate of the Vice Premier of China Zhu Rongji (Wang, 2017, p. 118).

42 The articles cited in text refers to Beijing Wankexing Technology Development Company underwriting project (1994) and Vanke Xing Technology Development Company (1994).

43 Assumed from Xiao, J. (2002). The History of 63 Meilin Road. *Vanke Weekly* 399. Available at <http://www.vankeweekly.com/?p=70362>

44 At this purpose, Wang Shi reported also in its biography that one inspirations of Vanke’s research pathway came from a study trip in Japan, where he and other Vanke’s managers had the occasion to appreciate the national advancement in housing construction techniques and management (Wang, 2017: 105).

45 The Ministry of Construction would become later the MOHURD (The Ministry of Housing and Urban-Rural Development)

46 It was a subdivision of the Ministry of Construction

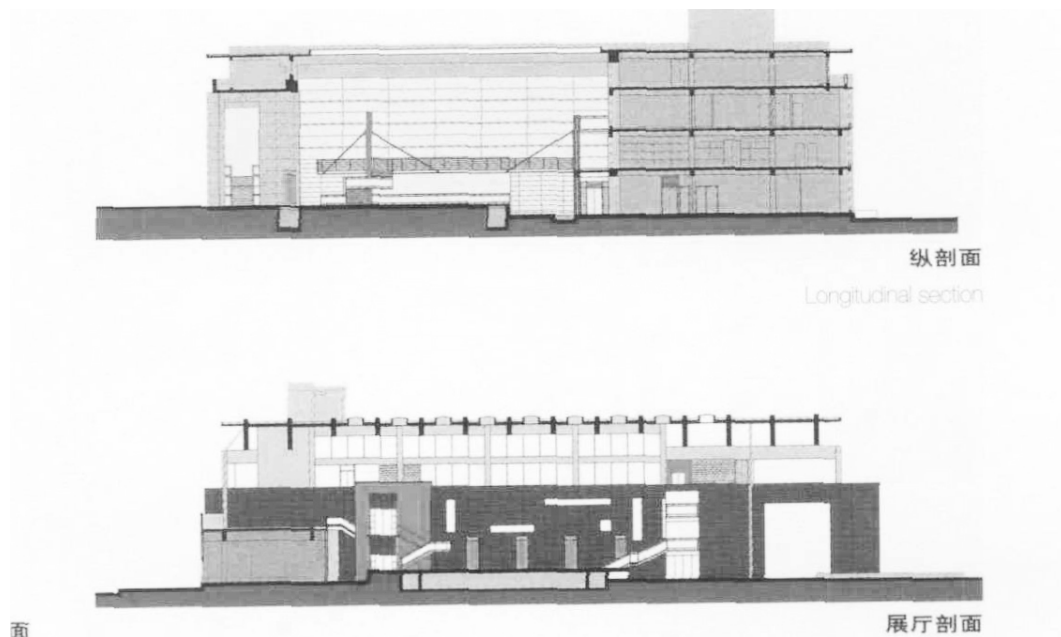


Figure 7.16: Drawings of Vanke headquarter and research center in Meilin road, Shenzhen (source: Huang Tingdong, 2007).

environmental sustainability, would become one of the core competitiveness of real estate development in the future.⁴⁷ Moreover, a commentary, appeared in the *Economics & Information Magazine*, reported that Vanke started firstly to establish real estate joint research centers with most renowned Chinese institutions of higher education, already in 1997 (Chen Chenxing, 1998). Specifically, the company set up the Vanke Community Development Research Center (万科社区发展研究中心) together with the Department of Sociology of Peking University and the Pioneer Housing Research Center (先锋住宅研究中心) with Tsinghua University.

However, a first record of economic investment in housing research and development can be traced only by looking the financial statement of the year 1998 (Vanke Annual Report, 1998), and in order to see the settlement of a de-facto Vanke Architectural Research and Development Center (万科建筑研究中心), it has to be wait July 26, 1999, when the center was finally approved during the Second Meeting of the Tenth Board of Directors of the company (Vanke Annual Report, 1999, p. 22).

Subsequently, the physical construction of the Research Center went from 1999 to 2002 (Masterpieces of Vanke 1988-2004, 2006). The building was located in 60 Meilin Road, Futian District, Shenzhen, and it featured a 56x56 m building dimension with a total height of 15 m (Huang Tingdong, 2007). The architectural design was advanced by BIAD (the Beijing Institute of Architectural Design),

47 Connections between Wang Shi and Nie Meisheng are assumed from Xiao, J. (2002). The History of 63 Meilin Road. *Vanke Weekly* 399. Available at <http://www.vankeweekly.com/?p=70362>



Figure 7.17: Picture of Vanke headquarter and research center in Meilin road, Shenzhen (source: Huang Tingdong, 2007).



Figure 7.18: Picture of Vanke headquarter and research center in Meilin road, Shenzhen (source: Huang Tingdong, 2007).

which also would cooperate with Vanke in many housing projects in the future.⁴⁸

The building was mainly divided in two areas: one side of the building featured a full-height lobby, used for housing exhibitions and displays, while the other side was divided in four floors, containing offices for scientific research (Figure 7.16, 7.17 and 7.18). This architectural partition is also useful to show the double scope of Vanke's research center. Indeed, the venue was not only intended to host research activities while it aimed to connect Vanke's brand with customers and urban citizens. Following this line, many sources (Xiao Nan & Yi Jinweng, 2002; Xiao Nan & Zhu Jiaping, 2003, Wang, 2017, p. 156) indicated how Vanke's research center was also filled with a spark of rhetoric that aimed to make the center a symbol of openness, transparency and professionalism in front of academics, institutions and other practitioners. The center was thus largely used to host seminar and exhibition in order to also physically function as link between Vanke and the external realm (Wang, 2017, p. 157).

The research center, falling together with Vanke's business rationalization, would be an important element to support Vanke claim of professionalization. In this sense, the building in Meilin Road would aim at becoming the "experimental place of the New Housing Movement" (see paragraph 7.3.1) and the physical place that could represent Vanke as a benchmark for the whole industry in the following years.

However, when the center was established, and before it moved its activities and personnel to the new Corporate Headquarter in Dameisha and in the new Housing Industrialization Center,⁴⁹ Wang Shi concerned on the results that a research activity in the real estate industry could effectively bring to the company and to the housing industry as a whole.⁵⁰ The history would later show that a broader idea of innovation into the housing sector would have become an outstanding mean of marketing and identification for Vanke.

Indeed, in the following period, recorded as innovations were also planning and architectural concepts as well as stylistic novelties. At this purpose, it is exemplar the case of Vanke "V Garden" (万科第五园五期), developed in collaboration with the architect Wu Yuan (Figure 7.19 and 7.20). The projects effectively represents a milestone in the housing industry,⁵¹ at least in south China, which stimulate also an academic and public debate.⁵² Indeed, at that time the project was able to challenge

48 The company is a state-owned architectural design institute firstly established in 1949 and recently became one of the most prominent and biggest architectural company of the country.

49 In 2008, Vanke moved its headquarter in a new building in Dameisha, Shenzhen (see chapter 7.4.3) and its research activities in Dongguan where it focused on Housing Industrialization.

50 Wang's questioning on the role of R&D in the field of real estate is available in Wang (2017, p. 175)

51 This narrative has been also expressed in Vanke Annual Report (2005, p. 42).

52 The project has been vastly published in the most valuable China's architectural and design magazines at the time (for instance Maggie Fah, 2007; Wang Ge & Zhao Xiaodong, 2006; Wang Ge



Figure 7.19: Principal Plaza and houses entrance of Vanke V Garden in Shenzhen (Source: Picture by the author).



Figure 7.20: Masterplan of Vanke V Garden in Shenzhen (Source: Wang Ge, & Zhao Xiaodong, 2006).

some living habits of contemporary China, by questioning some fundamental urban and architectural topics such as density distribution, heritage preservation and the use of historical identity in modern housing estates.

Later on, the research center developed many housing typologies, sold as innovations by the company, such as Scenic Houses (情景洋房), V-houses, Small apartments (小户型住宅), very small apartments (极小户型住宅), and many others. Many of those housing typological innovations, developed by Vanke, were also registered patents under the State Intellectual Property Office of the People Republic of China. Along this line, the first patent registered by Vanke Architectural Research Center in 2002 (number 02103734.5) and authored by Wang Xiao, fully described the features of “Vanke Scenic House” (情景洋房),⁵³ by the use of both

& Zhu Jianping, 2005; Zhu Jianping, 2006; Xu Yifang & Wang Jian, 2008)

53 Vanke Architectural Research Center (2002). P.R.C. Patent No. 02103734.5. Shenzhen, China: State Intellectual Property Office of the P.R.C.

说明书附图

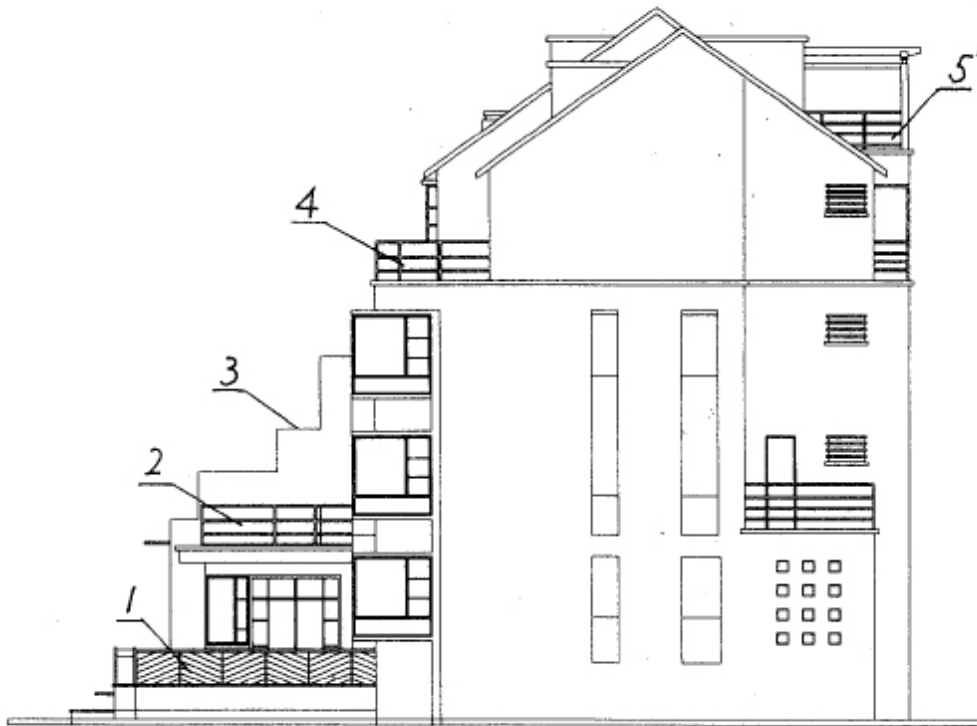


Figure 7.21: Drawings of patented Vanke's Scenic Houses (情景洋房) (source: Vanke Architectural Research Center (2002). P.R.C. Patent No. 02103734.5. Shenzhen, China: State Intellectual Property Office of the P.R.C).

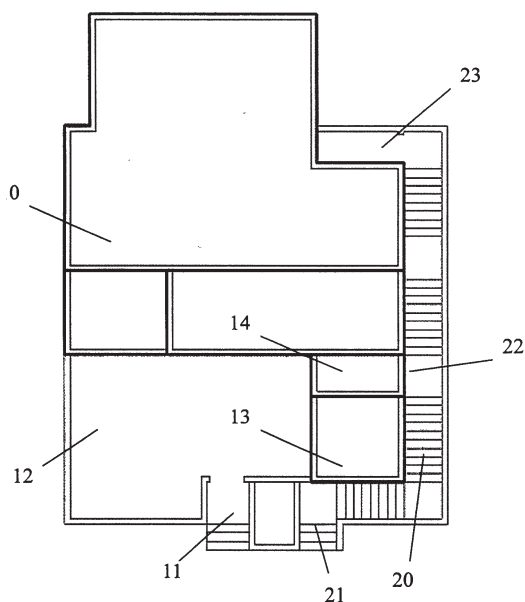


图 1

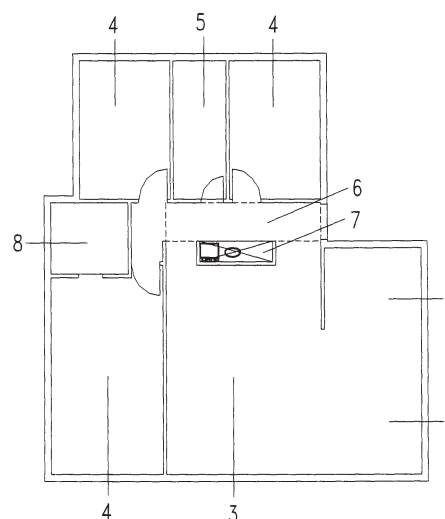


图 1

Figure 7.22: Drawings of patented Vanke's Houses (source: Vanke Architectural Research Center (2004). P.R.C. Patent No. No. ZL 200420102842.X. Shenzhen, China: State Intellectual Property Office of the P.R.C ; Vanke Architecture Research Center (2005). P.R.C. Patent ZL 200520054389.4. Shenzhen, China: State Intellectual Property Office of the P.R.C).

textual and drawing sources (Figure 7.21). In the specific case, it refers to a model house typology with several viewpoints on different levels. Another patent (ZL 200420102842.X)⁵⁴, registered some years later, shows a housing structure where different levels are connected by a single staircase. Later on, Vanke's patents would be also specific of single apartments layouts. For instance, the patent number ZL 200520054389.4, described a distributive scheme in which several ambients are served by a single aisle directly connected with the entrance door⁵⁵ (Figure 7.22). Many other examples could be provided further, nevertheless suffice it is to say that those patents, as registered documents that prove Vanke's innovation efforts, became also a further way for the firm to demonstrate its expertise in front of its customers and partners, and under this frame they should be evaluated. Indeed, design innovations became also for the company a mode of diversification from its

⁵⁴ Vanke Architectural Research Center (2004). P.R.C. Patent No. ZL 200420102842.X. Shenzhen, China: State Intellectual Property Office of the P.R.C.

⁵⁵ Vanke Architectural Research Center (2005). P.R.C. Patent No. ZL 200520054389.4. Shenzhen, China: State Intellectual Property Office of the P.R.C.

competitors, that would be the basis for a well established brand.⁵⁶

However, in the following years, Vanke would patent many other housing designs as well as technological solutions and construction techniques, particularly when the company embraced housing industrialization as one of its most important strategic goals (see paragraph 7.4.3). In the meanwhile, Vanke's strategy of providing fully furnished housing, which would be finally launched in 2007, would bring the Vanke Architectural Research Center to carry on also some studies on residential technologies and advance investigations on different kinds of home appliances (see paragraph 7.3.3 and 7.4.2). In this manner, from 2003 onwards China Vanke was involved in marketing its Research & Development and associated managerial expertise in housing architecture and technologies to third parties and governmental institutions.

In the meanwhile, as a mean of its technological progression, the company established, in 2000, a new Design Engineering Department.⁵⁷ At the end of 2012, Vanke would lay claim to have recruited more engineers than the major part of China's construction companies (Vanke Annual Report, 2012, p. 5). This new class of technicians was firstly in charge to supervise Vanke's housing construction sites, as well as to transfer innovations from the Research Center to Vanke's construction sites. Moreover, engineers became a fundamental new kind of human resource for Vanke which would contributed to transfer the company's obsession for standards (cf. paragraph 7.1.4) to its housing sector. Indeed, from this moment the company would adopt or occasionally produce a set of strict internal standards to control the quality, as well for instance the sustainability, of its housing projects (cf. paragraph 7.4.2 and paragraph 7.4.4). The group began then to standardize design features and procedures for different brand series of housing designs.⁵⁸ At this purpose, the *Urban Development Magazine* reported that Vanke Group began to implement residential standards already in 2003 when the company firstly issued its "Double Standard" document (Chu Xianfeng, 2007). This latter comprehended both *Residential Use Standards* and *Residential Performance Standards*, drafted on the basis of experimentations conducted by the research center. Later on, when also construction techniques and architectural elements would be made in a standard mode, under the frame of Vanke's housing industrialization campaign (see paragraph 7.4.3), the engineering force as well as the research and innovation department would become more and more essential components to bring Vanke's projects to life and ensure the company a large scale and rapid growth.

56 Consideration also retrieved by the analysis of the Presentation of Vanke Development History and Corporate Culture (2017).

57 Available in "Vanke Memorabilia" at <https://www.vanke.com/en/about.aspx?type=6>

58 Within an interview Wang Shi revealed that some projects in 2002 and 2003, such as in Vanke Tianjin Crystal City and Vanke Nanchang Project, Vanke's standardization work was officially launched. He highlights that the difference from general projects' operations is that the construction drawings of those two projects also serve as the standardization map of Vanke in North China and East China (Wang Youjun, 2005).

7.3 Housing market rapid growth (1998-2004)

Many academic authors considered 1998 the starting point for a second stage of housing market development in China (e.g., Cao, 2015; Wang, Shao, Murie & Cheng, 2012; Wu, 2015). This observation was also well assumed by Vanke's managers and some other real estate developers that, after 1998, started to experience new sources of profits, as well as an increasing competition into the industry.⁵⁹

For sure, the policy which had major influence on Vanke's development has been the *Circular on Further Deepening of Urban Housing Reform* enacted by the State Council in July 1998 (Cao, 2015, p. 87). The policy which has been a milestone in the history of Vanke, strongly supported the process of China's housing market formation because it definitively abolished the welfare housing system allocation from work units, which characterized the previous system of China's housing provision (Wang & Murie, 1999, Wu, 2015). Moreover, in order to support the purchase of housing, as well as to implement the real estate sector as pillar industry for the Chinese economy, in 1998, the People's Bank of China published the *Increasing Credit for Housing – document 169 of 1998*, which offered a new source of credit supply for the housing industry. Later on, in 1998, the first home mortgage⁶⁰ was issued by the Construction Bank of China (Cao, 2015, p. 89). According to Wu (2015, p. 22), “the “financialisation” of the Chinese housing sector had begun”. From 1999 the number of housing mortgages in China increased rapidly, raising affordability for commercial houses to all the Chinese population that before owned free or heavily discounted public housing (Wang, 2001).

Following those political and market directions, during the subsequent time span, Vanke was committed to exploit a larger share of Chinese population, that provided with new financing means and increasing expectations of living solutions, strongly began to buy commercial houses (Wu, 2015). Obviously, policy relaxation, in 1999, brought also to a greater attention to the supply side of the housing sector. Private companies started to occupy a further major share in housing provision and investments in the industry increased of 240% from 1998 to 2002 (Cao, 2015, p. 91).

Actually, as it could be expected from previous cited facts, the market realized a strong period of upturn between 1999 and 2004 (Wu, 2015). In the period of market boom, housing prices crazily raised, particularly in first tier cities. Moreover, in 2003, the State Council enacted a further *Notification to Promote the Sustainable and Healthy Development of the Real Estate Market*, which declared the real estate sector as the driving force for other industries (Xie, Yu & Wu, 2011).

59 Some sources let to know that Wang Shi and other managers identified the coming period as the new “Golden Era” of the Chinese the real estate market (e.g. Wang, 2017, p. 130; Zhi Qian, 2002).

60 It was the first loan on the house given to individuals, which enable most of the Chinese urban population to afford houses at market prices.

Within this context, Vanke's work as a private enterprise acts well for investigating the relationship between the narratives of a private developers and the public discourse. Indeed, some years later Vanke gathered institutions and private developers to discuss the future of commercial housing under the name of the "New Housing Movement"; immediately after, in 2003, the State Council enacted a national housing policy document which stated that houses should be built for mass occupation and it clearly divided commercial houses in "ordinary" and "luxury" ones (Cao, 2015, pp. 90-91). This discourse would have been then followed by a set of new measures in 2005 and 2006 which further characterized the development of the housing sector in China (cf. paragraph 7.4).

Moreover, while this new set of reforms was occurring, in 2001, China joined the World Trade Organization (hereafter WTO) moving a further step towards opening the country to foreign investments. Many magazines' and newspapers' articles, published at that time, saw this factor as the starting point of a new era for the real estate market.⁶¹ Indeed, thanks to further removal of barriers, and thus with a new amount of funds coming from China and abroad, the real estate market would face a new phase of fierce competition.

This paragraph thus shows how Vanke was facing this new competition stage, on the one hand by forming an alliance between Chinese developers, that would have interest to not lose their gained advantages, on the other hand by establishing a new brand campaign and a new fast development plan which would resound within all the country.

7.3.1 The "New Housing Movement": generating consensus on Vanke's social values

In 1999, after the China Urban Real Estate Developers' Cooperative Network (hereafter CUREDND)(中国城市房地产开发商协作网络), was officially registered in Beijing (Wang Shi, 2000a), Wang Shi gave a speech at the first forum organized by the association, namely the New Housing Movement (新住宅运动), which represent not only a fundamental moment for Vanke but also for the Chinese housing industry as a whole. After the reform of 1998, the CUREDND began to assume a national relevance as the first form of cooperation between real estate developers in the country. The CUREDND strengthened the role of private developers in officially becoming the main housing providers but also means of cultural and social visions. Wang Shi was elected director of the CUREDND, barely after he resigned as CEO of Vanke.⁶² In his speech at the New Housing Movement (新住宅运动), Wang Shi

61 Increasing competition in real estate market, and the consequent formation of real estate brands, was acknowledge in different sources (e.g. Jiang Xiaobia, 2002; Lugek & Tu Sonqing, 2001; Zhan Wei & Zhang Fengyun, 2001).

62 Wang Shi resigned as CEO in 1999 and his place has been firstly covered by Yao Munin. However, Yao would have to leave soon his position to Yu Liang for healthy diseases. In the meanwhile, Wang Shi was still attaining a relevant position in the company as chairman in the board

exposed, as a developer, his vision about the actual situation of the real estate industry, and challenged the future of the housing market development. He also expressed his reserve against developers' actions in the past, telling they were regarded as "unscrupulous profiteers" (Wang, 2017, p. 148). He recognized that housing promoters built luxury houses with a medium to high target of consumer in mind at the expense of a rational use of resources. "We have made a tremendous number of mistakes, and we can no longer go on developing projects in this random and chaotic way. It is hard for developers to recognize their own faults, however. That is why we asked architects to participate as well as sociologists and economists, to look the industry from an overall perspective".⁶³ Finally, he advanced the concept of "focusing on the common man as we face the new economic era" (Wang, 2017, p. 149).

Thereafter, Wang Shi thus dictated future lines of development: "we show that our current commercial housing is very economically irrational. By facing the '*nouveau riches*' consumer groups, this kind of irrational way of development had only satisfy the needs of consumers' vanity. [...] In the face of ordinary consumers, we should avoid 'aristocratization' in residential development, and meet the needs of ordinary consumers, strengthening comfort, practicality and economy, and moving towards research and development" declared again the chairman of Vanke in the *China Business Journal* (Wang, 2000b). All these values, expressed by Mr. Wang, were accepted by the audience and they were translated in the "Shanghai Manifesto", which was the final declaration of "The New Housing Movement" (Zhang, 2010, p. 82).

The New Housing Movement, directly promoted by Wang Shi, was so an extremely important moment to promote Vanke's vision in the housing field, as well as to legitimize its presence as a leading company into the real estate industry. Thanks to those declarations, Wang Shi was able to create a consensus, not only with other developers but also with academics and government's officials, around the vision that new housing should be shaped for "ordinary people" (普通人),⁶⁴ rather than for a few privileged elites (Zhang, 2010, p. 81). Wang Shi clearly stated this intention in an article published in the *China Business Journal*, in which he declared: "the transition from 'luxury consumption' for minority groups to 'mass

of directors (Vanke Annual report, 1999, p. 4; Wang, 2017, p.143).

63 An article in China Business Newspaper told more than 500 people attending the forum, between them a wild range of expertises and institutional roles (Zhao Hong & Xie Hongling, 2000). Further specifications on people participating to the seminal event are available in Wang (2017, p. 144).

64 According to a column appeared in 2000 in *Vanke Weekly* "the ordinary people" were defined by Wang Shi as: "White-collar workers, blue-collar workers, freelancers, and small and medium business owners who do not enjoy political, economic, and cultural privileges. This group is the mainstream consumer group in the current and future residential market. The characteristics of this group are: It accounts for the majority of urban residents, and the economic income and consumption level are the average level of the city. Residential developers nurtured in the 1980s are accustomed to the so-called high-class commercial houses in the foreign country and they do not want to develop ordinary commercial housing that meets the needs of ordinary residents."

consumption' for ordinary people has become an irreversible trend" (Wang Shi, 2000b).

It is indeed clear in Mr. Wang's autobiography that the idea of the New Housing Movement (新住宅运动) was extremely related to a broader change that was internally occurring into the company, and that would be reflected on many of its housing projects (see the cases of Shenzhen Vanke Wonderland (深圳万科四季花城) and Shenzhen Vanke Forrest Hill (深圳万科温馨家园) in paragraphs 6.3 and 6.4), but also it was undoubtedly connected to recent housing policies' transformations (see introduction of this chapter). It is indeed exhibited in this source (Wang, 2017), as well in many others (see for instance Vanke Annual Reports, 2000 - 2004), that Vanke was changing the attitude in communicating its residential real estate activities: they were not more only a matter of finance and investing but they were assuming a cultural and social aspect. Indeed, the values of the "New Housing Movement" would become new strong points of Vanke's company culture.⁶⁵ The belief of a clear changing paradigm into the housing industry was the engine for a radical declaration of Vanke's brand positioning as well as the start of a new round of growth.

7.3.2 Vanke as a National Brand: a second round of trans-regional expansion and rapid growth

In May 10, 2002, Vanke was holding a conference at the "Grand Hyatt Oriental Hotel", Beijing, in front of a big audience of experts and officials (Wang, 2017, p. 155). Several media reported the event, namely the "Vanke Corporate Image Promotion Conference" (Wang Yongxi, 2002; Yang Liping, 2002), which was officially launching the national corporate brand campaign of the company, and maybe transforming the real estate industry competition as a whole.⁶⁶ Standing to an article in *Vanke Weekly* n. 404, an issue of the Vanke corporate magazine entirely dedicated to branding and brand management, Vanke initiated a market survey to better understand what consumers know about the company, already in 2002. Vanke thus understood that most of its consumers were people who "live in a fast-moving society and work on a daily base. But after get off work, they will make their own ideals according to their own life, letting themselves completely relaxed, with the pursuit to balance their physical and mental status. [...] In the hearts of consumers, home becomes a fully integrated object within the self, home is conceived to fully enjoy their living spaces. For them, the family no longer just belongs to their own residence, but belongs to the self-life, the concept and connotation of the home

65 In 2000, the topic of "New Housing movement" was largely discussed by Vanke employees through several articles of *Vanke Weekly*, in which they expressed their opinions and comments.

66 The conference, as well as the new national brand image of Vanke would have attract the attention of many media as well as academics. Many sources agreed that the new competitive landscape, generated by China's entrance in WTO, would bring real estate companies to establish branding attitudes in the wake of Vanke's "National Brand Program" (on this see Cha Benen, 2002; Li Chun, 2002; Xiao Xiaowei, 2002; Zhan & Zhang 2002; Zhang Liang, 2002).



Figure 7.23: Poster of Vanke's national brand campaign (source: Vanke Real Estate, China Yearbook Network Publishing, 2013).



Figure 7.24: Posters of Vanke's national brand campaign (source: Chen Lili, 2002).

have been extended”⁶⁷, and then another article in the same magazine continued “in the minds of today’s consumers, housing is not only a shelter, but also a paradise for friends and relatives. It is also an ideal place to live and enjoy themselves”.⁶⁸ Afterward, Jinjing company (精信广告公司), a well known branding firm, was in charge to develop Vanke’s new advertising campaign, under the result of the previous cited survey (Chen Lili, 2002; Vanke Annual Report, 2001, p. 3). The campaign aimed at reflecting Vanke’s new attention to people and customers, as well as all the other values and intentions expressed under the frame of the “New Housing Movement”. The statement selected by Vanke for the new campaign was “Architecture that is built for Enjoying an Unlimited Life”⁶⁹ (see Figure 7.23-7-24).

Moreover, as explained by Mr. Chen, general manager of the Planning Division of China Vanke Group, Vanke’s new marketing campaign had a big difference from the previous one. The message conveyed was not more based on regional stances of single housing projects but it regarded the company as whole, and as a national

67 Assumed from China Vanke (2002). Building unlimited life. Vanke Weekly, 404. Available at <http://www.vankeweekly.com/?p=70473>

68 Assumed from China Vanke (2002). Find Vanke brand positioning. Vanke Weekly, 404. Available at <http://www.vankeweekly.com/?p=70472>

69 The slogan of the new Vanke Brand Campaign appeared in many source at that time (see, e.g., *Vanke Weekly*, 2000a; Liu Kai, 2002; Wang Yongxi, 2002)

identity (Chen Lili, 2002). The same concept was also later well explained and underlined by Wang Shi himself. Within an interview in the *China Business Report*, the intention of the new brand campaign, as explained by the founder of Vanke, can be summarized as follows: because real estate development is a regionally strong based industry and Vanke would expand its operations nationwide in the future, the aim of the cited corporate image campaign was to match Vanke's development with "National Thinking, Localized Operation" (Cha Benen, 2002). In other words, based on the model of Pulte Homes,⁷⁰ a giant of the American homebuilding industry, Vanke was trying to transfer a very local business, such as it was real estate, into an outstanding national phenomenon.

In this context, the idea of producing a corporate brand related to a real estate company was really disruptive. As later quoted by Wang Shi (2017, p. 155), it was a time in which "in the mind of consumers, one developer was not much different from another [...] Despite this fact, Vanke was determined to develop its own brand in an industry in which the brand effect was quite limited". As the history would prove many other developers later came out with branding messages.

However, the new branding campaign was also the starting point and the engine for a new era of rapid firm's expansion. "Vanke was entering a new period of rapid and national growth" was claimed by Wang Shi in the *China Securities Journal* (He Lingfeng, 2002). The history would prove that the vision of Vanke's founder was true. Indeed, in March 2001, the company entered four big cities in China, namely Wuhan, Nanjing, Changchun and Nanchang (Vanke Annual Report, 2001, p. 2), anticipating a further quick advancement in Guangzhou⁷¹ and Zhongshan, that would happen in 2003. Some years later, in 2006, Vanke increased its trans-regional operation in other five cities, comprising Hangzhou (Vanke Annual Report, 2006, p. 2). The company was thus following the strategic development plan, issued some years before, which revealed the intention to expand Vanke's businesses particularly in the areas of the Yangtze river delta and Zhujiang delta.⁷² Afterward, the company fulfilled the possibilities open by new political directions and it expanded west. Finally, in 2014 Vanke would have set up real estate operations in 66 cities in China, and it was preparing to move abroad (see paragraph 7.5.2) (figure 7.25 displays the geographical expansion of the company between 2001 and 2014). Moreover, given this path of development, Vanke would have also changed its internal structure in the future, creating head and regional bases for strategic development, and city and project level companies to manage daily operations (Figure 7.26). In this manner, Vanke refined a well-developed management system, typical of corporate

⁷⁰ Source which indicate a connection between Vanke and Pulte Homes are for instance Yi Du (2004) and Wang (2017, p. 102).

⁷¹ Vanke hit the Guangzhou market with the famous brand Vanke Wonderland, which has been largely recognized in South China after it was developed in Shenzhen (Vanke Four Seasons Flower City will be located in the South China Sea, 2002)

⁷² "According to the intensive development focus, the Group will proceed with the regional development strategies, pursuant to which the Group will expand to the cities within the Zhujiang delta and Yangtze River delta regions" (Vanke Annual Report, 2000, p. 4).

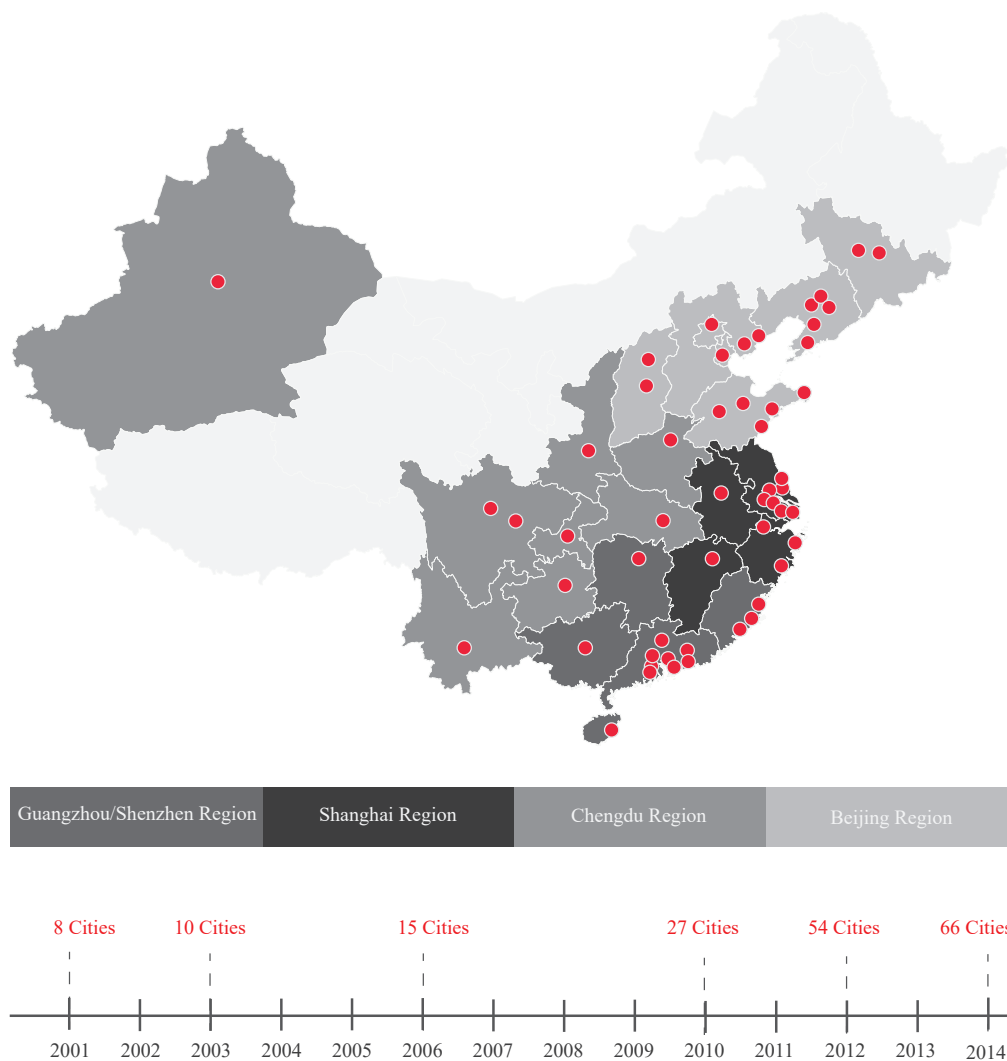


Figure 7.25: Vanke's expansion in China during the years (source: elaboration by the author based on different Vanke Annual Reports)

brand. The board of directors in Shenzhen was supported by a substantial head office staff which probably exceeded 200 employees by the time of the Vanke's second round of expansion. The main headquarter, together with the regional ones, made effective decisions on sub-brands characteristics and investments approvals through vast numbers of informations and marketing researches transmitted to and from city based and projects' affiliated companies.⁷³ Personal experience of developments in city-based and projects companies was communicated in several ways and in different phases of projects' development. The directors of the different departments (usually design, marketing, finance and engineering) at the local level carried on several reports and visits on which they reported to the regional

73 Interview with Shiyuan Rao, Investment Manager at China Vanke, and Qi Fan, Architect at China Vanke; The meeting took place in the China Vanke Headquarter in Shenzhen on April 12th 2017.

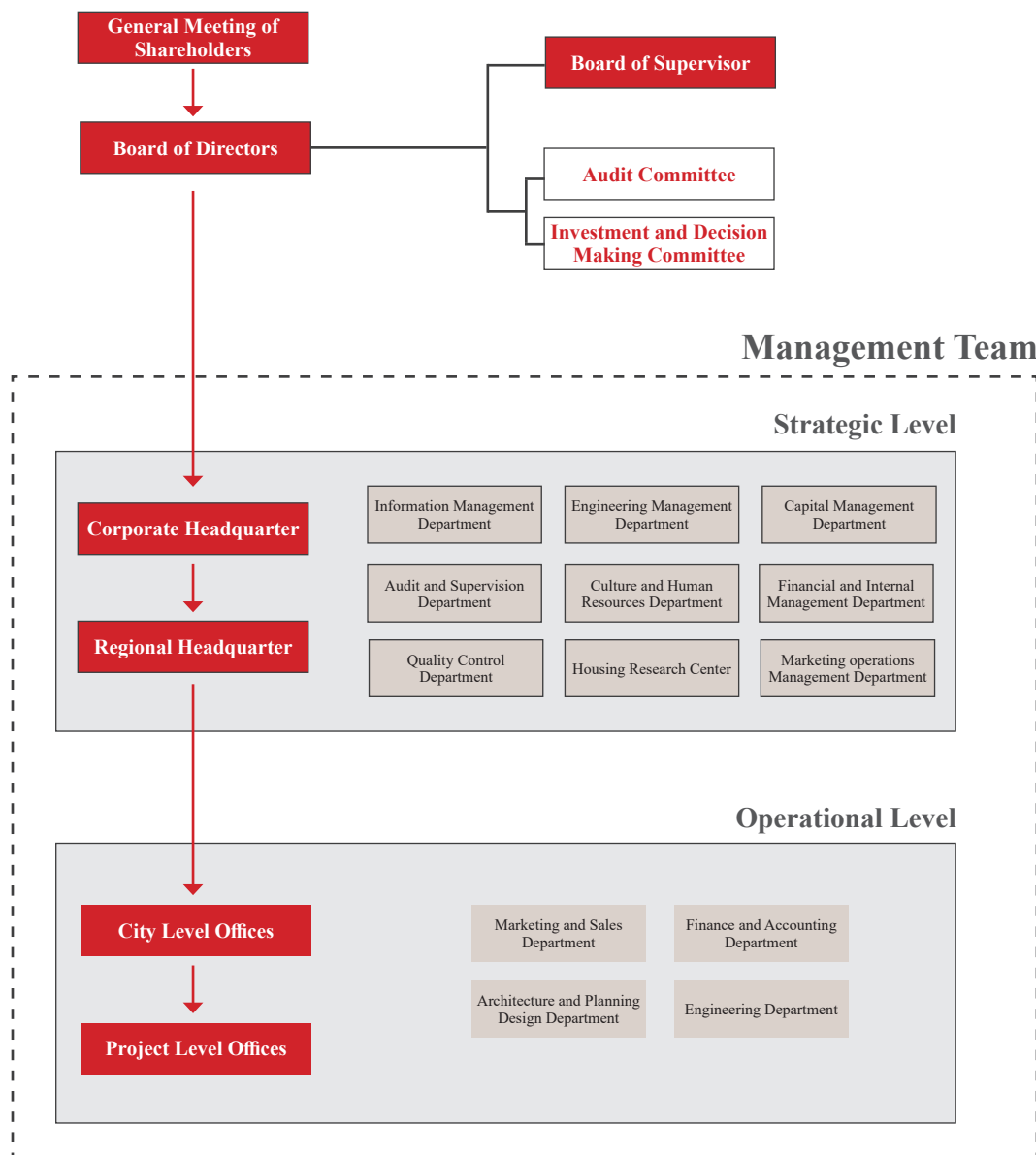


Figure 7.26: Vanke general management structure (source: elaboration by the author based on the document Listing of the overseas listed foreign shares by way of introduction on the main board of the stock exchange of Hong Kong Limited, 2014)

headquarter and asked for approvals.⁷⁴ However, the accumulation of information and decision making at the main level, mostly traduced in standard procedures, had the great potential to accelerate land acquisition and development times, as well as to minimize the financial risks of a project.

However, the expansion of the company was not only a matter of geographic scale and managerial improvement, while it was coming for Vanke a period of tremendous and rapid economic growth, later called the Vanke's second round of

74 Interview with Constance Cheung, Marketing Manager at China Vanke; The meeting took place in Foshan on March 4th 2017.

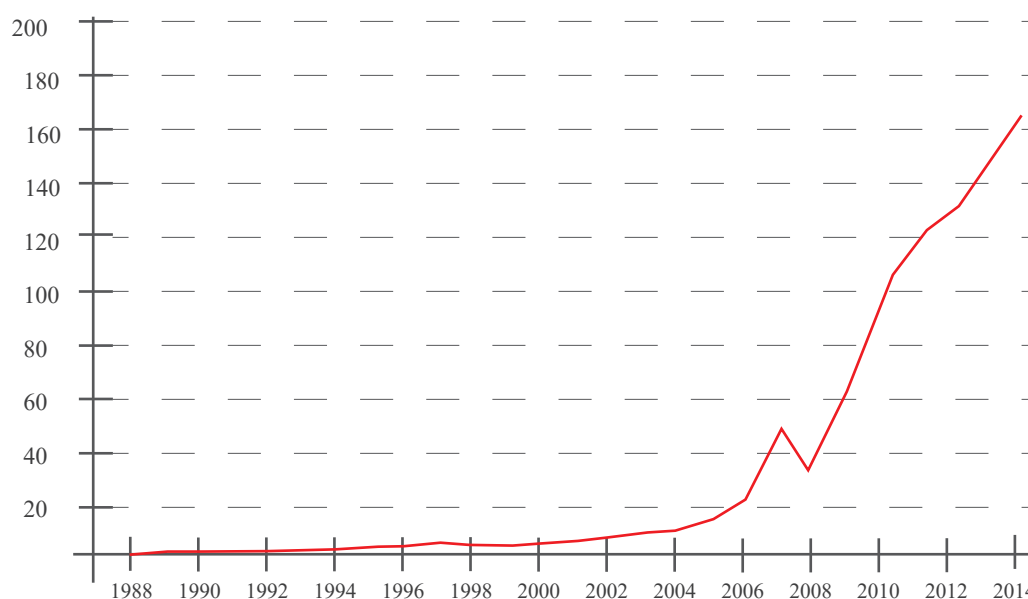


Figure 7.27: Vanke's rapid growth during the years (source: elaboration by the authors based on different Vanke Annual Reports).

expansion. Indeed, in occasion of Vanke's celebration of its 20th anniversary, Yu Liang, the new CEO of the company, showed to media the new *10 years development plan* of the group (Tan Hongan, 2004). Firstly, he advanced the company's mission to reach up 100 billion RMB of annual contracted sales within the following ten years. Secondly, he set up the goal to obtain a 3% market share, that would mean to crush its competitors in the future to come (Chen Xue & Wu Ming, 2004). In a certain sense, Yu Liang was firstly hoping to keep going the same trend which saw Vanke's profit increasing of 150 %, in 2004 (Vanke Annual Report, 2004). On the other side, it was clear that both Liu Yang and Wang Shi were committed to promote, in front of the public, Vanke's rapid growth in order to attract investments and not lose the confidence of investors and partners during the following period of "macro control" (see paragraph 7.4.).

The future economic performance of the company would show that the plan was effectively realized and Vanke has constantly continued to lead the market until 2014, becoming not only the largest Chinese developer, but also the largest of the world in term of sales revenues (Figure 7.27 displays the economic results of the company from 1988 to 2014). Already in 2010, Vanke reached 100 billion RMB revenues, creating a wide appeal in newspapers and other media all around the country.⁷⁵ Even if, this performance should be surely correlated to the incredible growth of the whole Chinese economy, Vanke's endeavors in managing and marketing its expansion plan shall not be overlooked.

Indeed, properly starting from this moment, it would become further evident

⁷⁵ In 2010 many press articles emphasized Vanke's 100 billion revenues (see, e.g., Liu Jia, 2010; Liu Yong, 2010)

that the real estate company itself, its reputation in ancillary services' offer, its brand personality together with its financial capital and its management expertise, would be one of keys of the firm's long term success. By virtue of its media attention, associated to its powerful brand image, Vanke would have the chance to convince investors and home buyers that the company, and its properties, were solid and profitable investments. Thus, the media and commercial success of a project would be more directly related to the brand image of the developer in a further professional and structured manner. On the wave of Vanke's commitments, China Housing Association was further promoting brand enterprises as point of reassurance for the industry as a whole.⁷⁶ Standing from this point, Vanke began to officially market itself as the leading enterprise in China's real estate industry, by promoting further its brand image as a national identity.

7.3.3 Building a modern enterprise: the rising of the first Vanke Centralized Procurement Development Center

In the meanwhile that the China Urban Real Estate Developers' Cooperative Network was institutionally established, a conspicuous number of national magazines' articles, published between 2000 and 2004 (for instance Liu Li, 2001; Guo Yuliang, 2001), portrayed another type of alliance between developers, in which Vanke obtained again the role of leading member and promoter of the initiative. In this context the China City Housing Network (中城房网) came into being. The same sources, beforehand cited, revealed that a strong emphasis was putted by Vanke on integration between the real estate industry and the new Internet Technology. Indeed, the China City Housing Network was described by Wang Shi himself, "not only an innovation of industry management, but also a product of the era of the network economy" (Wang Shi, 2000a). The alliance would brought to the realization of the first real estate information exchange e-platform, which can also serve for joint procurement and co-financing⁷⁷ for real estate projects (Shan Xiaohai, 2000).

In 2000, Vanke understood that the integration between Information Technologies and its business operation in real estate was essential to ensure large scale and rapid growth in the following years. The company issued a board announcement and officially declared the development of a B2B e-commerce platform which would also become another source of profit (Wang Jun, 2001). Subsequently, Vanke established a linked e-commerce procurement platform website, named "A-Housing", with the technical support of Microsoft (Vanke Annual Report, 1999, p. 4). A specialized magazine reported that "in March 2000, the platform enter the trial operation stage, and then it was gradually implemented and expanded to the

⁷⁶ In this manner has been reported by Fang Shuhai (2009).

⁷⁷ Standing to Wang's description, in September 2002, the alliance set up a found in which each one of the twelve different real estate companies put in 10 million RMB. The found, based on a reliable credit relationship between members of the housing network, could be used for mutual financing of real estate projects carried on by the developer involved (Wang Shi, 2000a).



Figure 7.28: Website of Vanke Partner Development Center (source: <http://pdc.vanke.com/>)

members of the China City Housing Network” (Deepening Vanke Bundled with B2B, 2000). After continuous updating and iteration, the “A-housing” became the first centralized procurement system, also called Vanke Partner Development Center (PDC) (万科联合发展中心), working in all the country and unified by Vanke Group.⁷⁸

Following this line, Vanke exploited both the technological novelties and the ideas of social and economic innovation that were behind the Internet. The company developed a discourse based on the promotion of an open and transparent network of developers that was able to reflect its corporate identity—based on the values of sharing informations and achieving transparency of business operation. The discourse would help Vanke to strength its communicative machine and to connect its set of values not only more with its shareholders but also with customers and other business partners. Thereafter, Vanke stated that, through centralized procurement, it can “ensure the transparency of the bidding’s decision-making process and results,

⁷⁸ Assumed from Vanke Procurement Development Center Official platform, available at <http://pdc.vanke.com/Web/main/389/article/431/Default.htm>

as well as to protect the basic rights of its suppliers”.⁷⁹

Furthermore, from a managerial point of view, and standing to Vanke Annual Report (2001, p. 4), the new B2B e-commerce platform would have primarily two main objectives. Firstly, it would help the group to further reduce operating costs and enhance its efficiency through large volume orders⁸⁰ acquired from on-line business. Secondly, the web platform should also serve to intensify the company’s development through the establishment of different kinds of collaboration with its suppliers and partners.

However, Vanke PDC system had another important strategic implication in the future development of the company. Through centralized procurement Vanke would ensure a major control on its supply chain,⁸¹ that would become an indispensable factor to promote its “quality growth” as well as its “green strategy” in the future (cf. paragraph 7.4.2 and paragraph 7.4.4).

Indeed, in 2003, the company introduced a new strategic plan in order to strength the control of its business operations and supply management, called the “Meteorite Action” (Wang Zhiqiang & Yang Yanping, 2004). The new plan aimed at increasing the quality of Vanke’s housing projects by developing an efficient system of quality management. This system relied, at least in its earliest phases, on the selection of qualified suppliers⁸² that would be able to adopt Vanke’s strict technical standards (Vanke Annual Report, 2003, p. 25). In the future, Vanke would implement this strategy by ranking its suppliers within the framework of the new “SKY net program”.⁸³ Indeed, owing to the general procurement system, Vanke’s Engineering departments required that both general contracts and subcontracts suppliers must achieve different qualification such as the *ISO 9001 Quality Management Certification* and the *ISO14000 Environmental Management System Qualification* (Vanke CSR Report, 2014, p. 28). The centralized database of Vanke,

79 After many years of development the concept of centralized procurement was fully expressed in Vanke CSR Report (2014).

80 The development of an on-line system of procurement and suppliers’ management has to be intended as an efficient management system acted to support Vanke’s geographic and economic growth (Vanke Annual Report, 2001).

81 In this regard, it has to be considered the institutional structure in the development of real estate projects. Most of developers contract out to construction companies realization by means of tendering (few of them are also construction companies at the same time or they have parent company under the same corporate structure). Most of the construction materials (the products the company directly procured from suppliers included mechanical equipment such as power supply and heating facilities, escalator, etc, and external and internal decoration materials such as curtain wall, doors and windows) are retrieved through an infinite network of subcontractors, which thanks to the centralized procurement platform, should be managed and better controlled by the developer.

82 Vanke established strategic partnerships with a number of high-quality component suppliers such as American Standard Sanitary Ware, Guangzhou Hitachi Elevator, ICI Coatings, Mercedes-Benz diesel generators, Siemens and Matsumoto switch sockets, etc.

83 Interview with Chang Li, engineer working in the Center for Research on Housing Industrialization at China Vanke Co. Ltd.; The meeting took place in the offices of the China Vanke Housing Research Centre in Dongguan on March 5th 2017.

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Figure 7.29: Vanke's list of rated suppliers (source: Vanke release a list of suppliers for 2015, 2016).

included more than 4,000 firms in 2014. The database helped Vanke to choose the most qualified suppliers on the base of quality, service, cost and execution. However, it is almost superfluous to say that generally builders liked to use the same contractors again and again, once they had proved their reliability (Harris & Buzzelli, 2005).

Later on, Vanke would be devoted to growth with its supplier by rewarding the most qualified of them (ranked A or B) with higher prices and setting with them its seasonal focus and vision (Jia, Gosling, & Witzel, 2017). Subsequently, under its advancement of wholly furnished houses (see paragraph 7.4.2), Vanke made extensive use of long-standing joint ventures to expand its areas of operation. In this case, the PDC helped Vanke to identify partners which had both competencies it needed and which sought competencies it could provide. In some cases those collaborations evolved over time into closer relationships, that the company fulfilled to develop several standards and innovations for different kind of home furnishings,⁸⁴ sanitary appliances⁸⁵ and several kinds of technologies such as universal serial bus (USB) plugs, air filters and door opening technology using cell phones and many others (Wang et al., 2007). Strategic partnerships with suppliers, became thus a further way for Vanke to develop innovations, as well as to pursue its goals in housing industrialization and fully furnished units (He Yunyun, 2006b) (see paragraph 7.4.3).

7.4 Housing market under macro control (2005-2012)

In the meanwhile Vanke was becoming a national institution, a broader historical view, based on policies' and economical means, reveals that after 2004 another era of the Chinese housing and real estate market has begone (see for instance Cao, 2015, p. 92; Wang & Murrie, 2012; Wu, 2015). The new coming period would feature a further and greater impact of government intervention on housing market as well as a new role for Vanke as the leading real estate company in China. Since this time, the figure of Vanke attracted more and more the attention of media in China,⁸⁶ making further clear its leading position and the impact that the company had in influencing the overall situation of the Chinese real estate industry. In addition, even more than before, Vanke's visions and ideologies were waved with political interventions and discourses. The company continuously anticipated and followed government directions in the development of a variety of housing environments. Even if this

84 See for instance the patent of a washing cabinet: Vanke Architectural Research Center (2006). P.R.C. Patent No. 200620055s2s.6 Shenzhen, China: State Intellectual Property Office of the P.R.C.

85 See for instance the patent of a drying rack: Vanke Architectural Research Center (2006). P.R.C. Patent No. 2006200s5s19.0 Shenzhen, China: State Intellectual Property Office of the P.R.C.

86 According to the CNKI database, the number of Chinese newspapers' articles citing Vanke would rapidly increase from 2005 onwards. It would shift from an average of 171 article published every year between 2000 and 2005 to an average of 751 per year in the period comprise between 2006 and 2011.

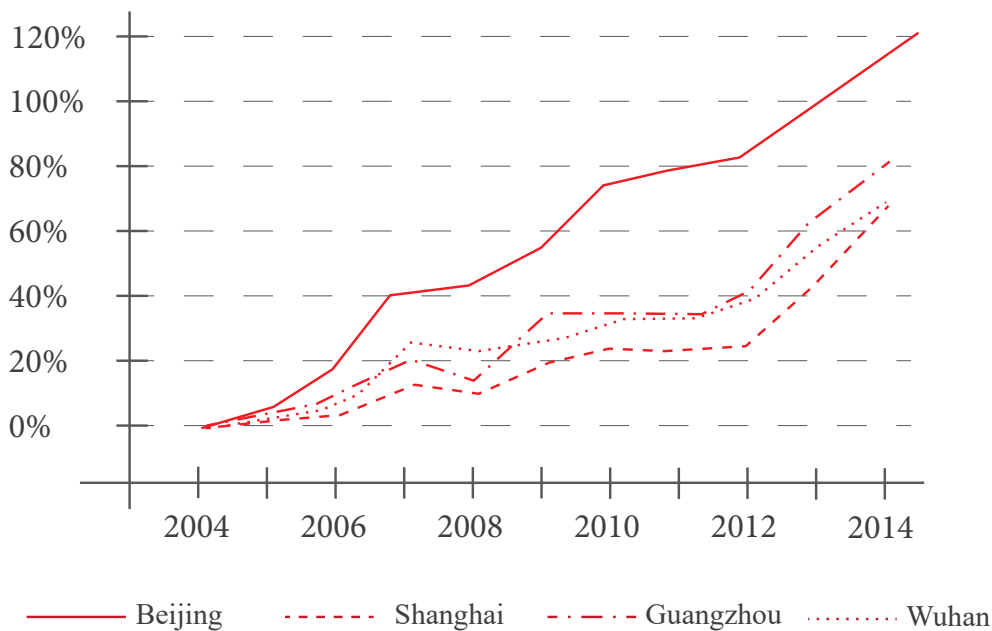


Figure 7.30: Housing price inflation in four main cities in China (source: Cao, 2015, p. 98).

twine could be considered a further generalization, it points to schematic shifts in Vanke's development within the history of the Chinese housing market as a whole. Indeed, it is possible to note the new conception of Vanke's houses, particularly in first tier cities, were broadly different than their early post reforms counterparts. For instance, housing industrialization and green development had partially substituted the rhetoric of "ordinary people" and "harmonious community". Moreover, housing quality, as well as its affordability would establish thus the basis for the new Vanke's period of growth.

The following paragraph exhibits how Vanke was committed to adjust its business model, particularly in financing and land acquisition, to face a new era of macro-economic regulation and control, which saw direct intervention of the central government to curb housing inflation (Cao, 2015, p. 162). Indeed, starting from 2004, houses price inflation would develop into a major problem in most Chinese cities, particularly first-tier ones, and that should be ascribable to many factors. Firstly, the increasing land short supply caused the rising of competition among developers in land acquisition with a consequent fast-peaced growth of land prices, particularly in big cities. Second, on the demand side, it should be considered that early housing reforms mainly transferred public housing assets to ordinary families. Consequently, commercial housing demand went particularly from the riches that further speculate on second homes for investment (Wang et. al, 2012). This started to originate a big gap between commercial housing prices and salaries of middle to low income people⁸⁷ (see Chen, Guo & Wu, 2010; Li, 2010). It is possible to see

87 Wang, Shao, Murrie and Cheng (2012), exhibit some data useful to understand the mismatch between housing available and the requirements of most urban residents. "The average

in figure 7.30 the increasing curve of housing price inflation starting from 2004 in four main cities in China. In order to face this structural problem, the State Council enacted, in 2005, a document in eight point which would give rise to a series of policies and measures acted to cool down the property market in the overheated economic situation (Cao, 2015, p. 163).

This section highlights thus how Wang Shi and other Vanke's managers were immediately committed at incorporating the problem of housing price inflation in Vanke's rhetorical engine with the aim of supporting its Corporate Social Responsibility program (paragraph 7.4.2). Vanke's rhetoric invade thus the public debate on government's measures to face the problem. Among them, three were the mains actions refined by the central government to control housing prices in the following years. First, measures adopted in 2005 bolstered the national housing policy of 2003, further promoting the development of low priced "ordinary commercial housing" and "affordable housing".⁸⁸ In order to achieve this goal, some measures started to impose housing size standards for "ordinary housing", that feature a preferential tax treatment. Second, clause 2 of the new regulation, dated 24 May 2006, later referred to as Law 70/90, stated that 70 % of the approved floor area has to be built in apartments with a GFA of less than 90 sqm (Cao, 2015, p. 96), with no few consequences also on further Vanke's housing development and business models. Lastly, from June 2005, new policies imposed a business tax on housing transaction in order to control speculative investment in the housing market. According to Cao (2015, p. 97), this tax was mainly use to adjust housing demand, raising or shortening the tax on the basis of market situation. As consequence of these regulations, housing policies in 2006, 2009 and 2011 saw different tax treatments on Ordinary and non Non-ordinary Housing transactions. In this situation, acting as a leader of the market, Vanke began to publicly support those government's decrees, which caused widespread discontent among many other housing developers (Cao, 2015, p.97). While these latter ones began to find stratagems to avoid such regulations, Vanke was rhetorically supporting the government's interventions.⁸⁹

Later on, differently from other Chinese real estate companies, Wang Shi, Yu Liang and Liu Rongxian were also able to control Vanke development, envisioning and claiming in early 2007 a "turning point" into the real estate market.⁹⁰ Indeed,

house price in urban areas was a multiple of about 15 times the average annual salary, and over eight times household income. In coastal cities, it was even higher. This calculation assumes a standard house size of 90 sqm of floor space, but most new commercial (and some affordable) housing was considerably larger than this. Income distribution in Chinese cities was very unequal. Affordability among the young and the poor was particularly weak and house-price-to-income ratios for them were much higher than the average".

88 The term affordable housing refers to government supported housing solution for low-income people.

89 Wang's position on recent policies regulations has been acknowledged for instance in a 2008 article of the *Securities Times* (cf. Niu Xi, 2008).

90 Wang's discourse of a "turning point" in the Chinese real estate market is well acknowledged in his autobiography (Wang, 2017, p. 182). Moreover, other evidences could be find out in some

in response to housing tightening policies, starting from 2006, the housing market remained quite stable but only for a short period of time. In 2007, it came a further extremely frenetic, as well as very short, period of market growth.⁹¹ Not only housing, but also land prices started to grow up as never before. The entire market was crazy” uttered Wang Shi in its autobiography (Wang, 2017, p. 184). In this context, Vanke’s management decided to cut the plan for new constructions and reduce selling prices, thus having a catalytic role in the overall real estate industry.⁹²

According to the *China Economic Journal*, “Vanke’s vision was right”. Indeed, the boom of 2007 was immediately interrupted by a severe downturn, also due to the global economic crisis occurred in 2008. This period saw a record fall of house price index until the first quarter of 2009 in which Vanke continued to reduce the scale of development and cut housing prices in order to support its continuous geographical growth.

In the wake of the economic crisis, Vanke also continued to invest in lower income and public housing programs (paragraph 7.4.2), which represented a lower risk investments, even because those programs were heavily supported by government’s intervention. Indeed, in 2009, in order to boost again the housing market, the central government announced a 33 billion RMB investment in ‘social security housing’,⁹³ adding more capitals to a broader stimulus package of 4 trillion RMB.⁹⁴ The real estate and particularly the housing sector, was again chosen as an economic engine, just like it has been after the Asian financial crisis in 1997 (Wu, 2015).

Later on, the 2010 started with some significant events, which indicate a vigorous upswing for Vanke and for the housing market as a whole. This year Vanke successfully achieved 100 billions revenues from property development,⁹⁵ while in

news at that time (e.g. Wang Shi, 2006).

91 Wu (2015) explains that “the driver for this boom was not economic growth but rather the deterioration of Chinese manufacturing industries [...] the increase in the minimum wage and the rise in labor costs in general, plus a higher interest rate in late 2007, imposed a pressure on labor-intensive small and medium enterprises (SMEs). The bust of the stock market in 2007 led to the outflow of capital. For some SMEs in manufacturing industries, it became more profitable to invest in the property market than to engage in production”.

92 The effect of Vanke’s price reduction on the performance of the overall industry has been commented by several media at that time (e.g. Feng Haining, 2008; Hu Xuejun, 2008; Wang Kai, 2008).

93 Social security housing is government-funded housing development with price discounts or restrictions for qualified low-income families.

94 Wu (2015) acknowledge that “the stimulus package consisted of major investment in infrastructure projects. To boost construction, the fund was allocated on a competitive basis, which greatly invigorated local governments’ enthusiasm for pushing forward with land supply to secure the conditions for these projects. The central government also injected capital liquidity, and fiscal policy abruptly reversed from tightening in the first half of 2008 to expansion”.

95 Vanke’s 100 billion sales in 2010 has been emphasized in Vanke Annual Report (2010) as well as in some newspapers (e.g. Liu Jia, 2010).

March 2010, the housing price index in 70 cities increased by 11.7% (Wu, 2015). In this situation, Vanke's growth, as well as the climate it was spreading in the Chinese real estate industry, would fully recover more confidence of investors and consumers in the years to come.

7.4.1 Acquiring companies for land bank: changing Vanke's business model

It has been already highlighted that land bank strategy is an important part of real estate companies' business model in China, as well as that in this context it presents specific characteristics. From 2004 onward, in consequence of the volatility of the market given by macro control measures, Vanke started to manage very deliberately its land bank, as well as its financing means. Following the words of Vanke's top players, Wang Shi and Liu Yang, the company began, for this reason, a new series of strategic cooperations with other real estate and financial organizations.⁹⁶ In other words, a new period of merge and acquisition within listed property companies has begun, was marked by some other Chinese media and specialized magazines at the time.⁹⁷

According to Jones & Wale (1999), "Growth through acquisition can be considered a problematic strategy", but Vanke was able to fulfill its leading position into the industry and to carefully choose real estate companies that were well managed, avoiding conflicts and deformations of its own corporate culture. Indeed, owing to its previous experience during the 1990s, Vanke had already partially developed the expertise on acquisition of smaller enterprises. However, from that time Vanke had become a solely residential developer, its management and its goals had changed and thus had done the circumstances of the real estate industry in China. The first example of a new acquisition practice was the gradual acquisition by Vanke of the firm called Nandu Group⁹⁸ via its Zhongqiao shareholding in 2004. The owner of Nandu, Zhou Qingzhi appeared to be reliable in all stages of the discussion and this made Nandu the first and the main company Vanke would have cooperated with (Wang, 2017, p. 172). The day after the agreement between the two parties was signed, the story hit the newsstands in China: the largest cooperation among Chinese real estate firms has been completed (Wu Ming, 2004). In March 2005, thanks to this cooperation Vanke would enlarge its land reserve of 8,000 acres in the Yangtze river delta, one of the expansion areas chosen by the company at the

96 The discourse on Vanke's cooperations with other companies has been promoted by Wang Shi both through the Chinese press (for instance Jiang Rui, 2006b) and through the lines of its biography (Wang, 2017, p. 184).

97 Contrary to Vanke's narrative of cooperation, some sources described Vanke's new strategy of growth as a new round of companies' acquisitions conducted by Vanke at the time (e.g. Xie Hongling, 2006)

98 Founded in 1991, Nandu Group, since entering the real estate field in 1993, has been centered in Hangzhou. House as the main body, created the brand of "Nantuo Real Estate", focused on the development of the Yangtze River Delta, and gradually expanded Sea, Ningbo and other cities in the real estate market.

Developer	Total land bank (Million sq miles)	Land Bank Years (Land Bank in 2011/GFA sold in 2011)	Number of projects
Vanke	76,6	7	280
Evergrande	136,84	11	187
Country Garden	64,85	9	103
Shimao Properties	39,5	17	74
Shui On Land	11,10	21	28

Table 7.2: Land Bank of selected developers in 2011 (source: Kwong and Li, 2012, p. 18).

time (Jiang Rui, 2005). In August 2006, Vanke again acquired the 60% of interests that the Nandu Group had in the Nandu Real Estate Company. Many years later, Wang Shi proudly revealed that those cooperations increased Vanke's project area "at a cost the was far lower than what the company would have had to pay for land on the open market" (Wang, 2017, p. 173).

Many other of those acquisitions have been also singularly documented by the Chinese press at the time. Just to give some examples, in 2004, more than one newspapers reported that Vanke began another fruitful cooperation with the large state-owned group COFCO in Guangzhou. The two companies started to jointly develop the Guangzhou Science City, in the center of the new "Guangzhou High Tech Zone", while Vanke had also quietly acquired by the agreement another land reserve for a project in Guangzhou Dongfeng East Road section, reported the *Private Economy News* in 2005 (Yin Xiaojie, 2005). Pursuing its cooperation strategy, Vanke started another agreement with Chaowan Real Estate to set upon the Beijing market (Wu Ming, 2006; Xie Hongling, 2006). Later on, in January 2006, the 60 % state-owned property rights of Beijing Chaowan Real Estate Development Center (referred to as "Zhaowan Center") and its corresponding shareholder rights and interests were transfered to Beijing Vanke Real Estate Co. Ltd., getting ready the company to become one of the ten largest developers in the local market of the Chinese capital city. In this manner, Vanke obtained five develop-able projects with a single stroke, for a total land area of 736,000 square meters, disclosed a national periodical (Hong An, 2006). Following this line, Vanke started also a cooperation with China Merchants Real Estate (Liu Xiaoyun, 2004), which brought the company to acquire another appealing piece of land. Moreover, a part from these explanatory cases, it has been many times emphasized in some documents that more than the 60 % of future Vanke's projects would be in partnerships with other companies (Wang, 2017, p. 174).

However, by virtue of these cooperations, Vanke would obtain most of its land into the secondary market, through acquisition of smaller companies with a substantial land reserve, or through cooperation with huge state owned enterprises. This factor made Vanke very different from other big real estate companies which buy most of their land by bidding in public auctions, further having also many

strategic implications in how Vanke manage its land bank and generally its business model. Indeed, many companies, which usually buy land in the primary market, tend to wait in order to fulfill land's value appreciation. According to Kwong and Li (2012, pp. 58-60) the majority of real estate developers hold on their pay-sheet the overall value of a project as land bank for an average period comprised between six and twelve years. Vanke considers its own usually around seven (Table 7.2).

Supporting this argument is an interview, appeared in 2007 within the *Securities Times*, in which Yu Liang commented recent land's policies, specifying that Vanke never relies on land accumulation. He stated that "Vanke has only project reserves and not land reserves" (Niu Xi, 2007). A local newspaper displayed that during the start of 2007, Country Garden, another enormous residential real estate company, hold 54 million sqm of land bank, Vanke Group, which largely exceeded Country Garden in term of business operations at that time, possessed nearly an half (Wu Xiaobo, 2007). Finally, a statement of Vanke's director further underlined that "the volume of the Company's land bank is also among the lowest benchmark of leading property developers in the world" (Vanke Annual Report, 2007, p. 21). However, in order to preserve the confidence of investors, the Vanke's staff has been also clear to underline that "the volume of the Company's land bank is determined by the area necessary for development in the next two to three years. It is considered to be the lowest attainable level for maintaining stable operation and growth in an open land market. Nevertheless, it has not impeded the growth of Vanke, nor does it affect acceleration in the Company's return on equity in recent years" (Vanke Annual Report, 2007, p. 22) .

First of all, this would permit Vanke to face the volatility of the market, given by macro-control policies, in a more stable and confident manner. Secondly, by mean of this business model, Vanke was so able to preserve capital in the phase of land acquisition, most of the time using for its projects less attractive lands' plot far from the city center.⁹⁹ A Vanke's employee explained that in order to make this strategy work, Vanke needed to carefully choose its land sources through market analysis and offer to target people an overall higher design quality of its housing projects¹⁰⁰ (see paragraph 7.4.4). Many projects in first tier cities, developed by Vanke from 2000 onwards, clearly reflect this attitude.

Lastly, cooperation with other real estate enterprises, as well as with many credit institutions, became also for Vanke an important financing mean. Indeed, when some government measures denied Vanke the possibility to get financings from the stock market (Wang, 2017, p. 174), the company must diversify and innovate its financing modality in order to continue in sustaining its rapid growth.¹⁰¹ Usually,

99 Following Kwong and Li (2012), Vanke's land cost about 20 % of the overall cost of the project. For other developers is usually around the 33 %.

100 Interview with Shiyuan Rao, Investment Manager at China Vanke, and Qi Fan, Architect at China Vanke; The meeting took place in the China Vanke Headquarter in Shenzhen on April 12th 2017.

101 Diversification of financing channels has been highlighted as an important strategic goal in

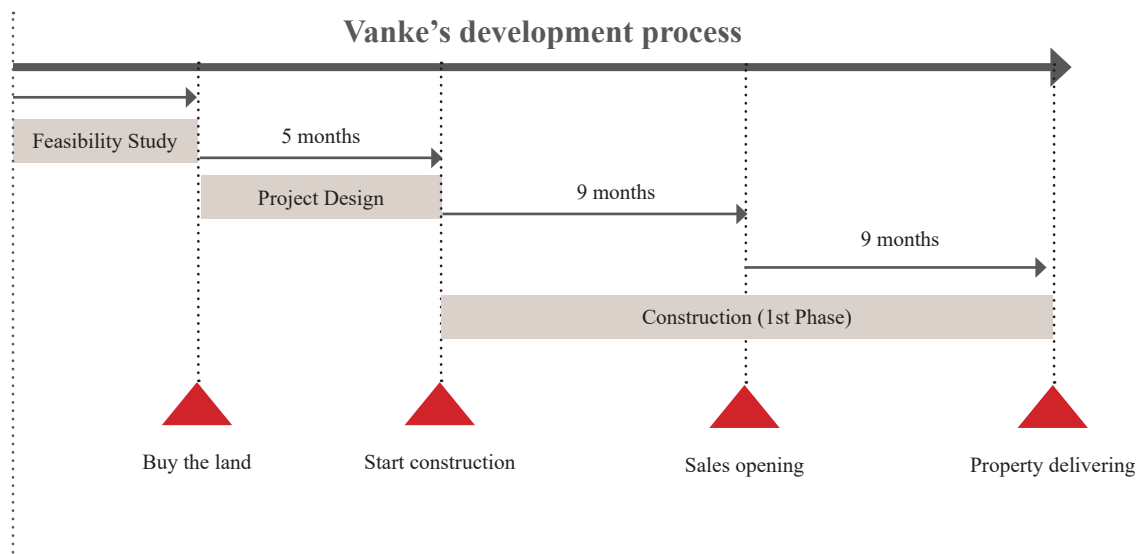


Figure 7.31: Resume of Vanke's development process (source: elaboration by the author on based on the Presentation of Vanke Guangzhou Branch (2017)).

projects' construction was sustained by Vanke through bank loans, while land acquisition was financed by securing partnership agreements with co-investors, often state owned enterprises. However, because those government restrictions, Vanke was not more able to finance those partnerships only through the issue of shares in the stock-market, the company should collect more capitals by the rapid sale of the properties it developed. In other words, differently from many other developers, Vanke was committed to pursue rapid projects' turnover at the expense of profitability (for each single project), thus further influencing its operational and strategic modalities.¹⁰²

Indeed, the overall quality of the projects and their powerful marketing tactics became fundamental factors for Vanke's development, because the company aimed to sell most if its houses during the first week of sales (Vanke Development History and Corporate Culture, 2017). Moreover, in order to achieve fast turnover the company refined its development process, which was reduced to an average of 25 months from the commencement of construction to the delivery of the property in the first phase (Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong, 2014, p. 168) (Figure 7.31 displays Vanke's standard development process). Following this line, standardization of procedure and housing industrialization, aimed at improving efficiency and rapid development of projects, would become fundamentals ingredients to support the company's economic sustainability.

Vanke Annual Report (2005, p. 42)

¹⁰² Vanke's strategy has been explained by Xiao Li, Vice President of Vanke, in Wang Kai (2008).

7.4.2 Corporate Social Responsibility in the real estate industry: Vanke as an admirable “Corporate Citizen”

According to Wang Shi’s biographical records, in 2002, the founder of Vanke was invited by the CCTV to a public show together with other representatives of important Chinese corporations. During this event, he wrote, for the first time, the word “responsibility” in association with Vanke (Wang, 2017, p. 177). Nobody should know at that time, that the concept would have changed so much the corporate image of the company in the future to come.

Indeed, few years later, according to the *China Business Journal*, Vanke was awarded in 2005 as the “most admirable corporate citizen” in China (Wang Qiming, 2005). The same year, after Wang Shi’s declaration of Vanke’s intention to pursue the idea of corporate responsibility (Wang Shi, 2005), the group started to implement its Corporate Social Responsibility (hereafter CSR) program, and the year after, it issued its first CSR report.¹⁰³

Even if the concept of CSR is much more complex and articulated one, it should be considered, at least for the purposes of this writing, that Vanke’s endeavors in the field were mainly focused on two essential points: environmental protection issues and low-income housing problems.¹⁰⁴ However, this consideration came also from historical sources. Zhang Huiru, in the *Urban Development Journal*, summarized that the main goals outlined by Yu Liang at the the 6th China International Housing Industry Forum, in regard to Vanke’s CSR plan, were indeed to cultivate Housing industrialization (which refers to environmental problems) and small apartment development (related to low-income housing) (Zhang Huiru, 2007).

However, both internal and external sources were also means of inspirations and opportunities to move the company in those directions. For instance, after Wang’s trip to the Amazon River Basin, the director of Vanke urged the company to become a member of the Global Forest & Trade Network (GFTN). It is reasonable to believe that this event helped Vanke to recognize societal concerns about its practice and it pioneered its culture in Corporate Social Responsibility (Xie et al., 2016). In the meanwhile, some new policies and regulations were published in China, soon after China and European Union signed the joint declaration on climate change in 2006 (Zhang, 2015). Subsequently, between 2006 and 2007 the MOHURD promulgated the *Evaluation Standard for Green Buildings*, together with the *Law on Renewable Energy* (Zhang, 2015), with the aim of reducing China Low Carbon emissions in the following years (Jia, Gosling, & Witzel, 2017). All these policies leave to intend that, during the mid of the 2000s, environmental issues were deepening the public

103 The first retrieved Vanke’s Corporate Social Responsibility report date back to 2006.

104 These two directions are the ones that should be more connected with design issues. This selection exclude themes such as charity programs, shareholder financing responsibility and some others, that are usually discussed both in Vanke’s CSR reports and in the academic literature on the topic (see for instance Morsing, & Schultz, 2006; Shin, 2014; Tian, Wang & Yang, 2011;)



Figure 7.32: Vanke's new brand identity (source: Vanke Climate Fact Sheet, 2015).

discourse in China.

In this regard, Wang Shi's beliefs, as well as some political directions, were thus woven into Vanke's corporate culture. Indeed, in 2007, Vanke's new corporate development strategy, which was associated to a new corporate brand identity (Sun Xu, 2008), strictly focus on "green", "sustainable development" and "social responsibility" (Wang Feiying, 2007). The core ideology was supported by the slogan "Architecture – Our tribute to life" that aimed at transmitting Vanke's devotion for nature and society (Figure 7.32).

Subsequently, in November 2009, just before the world-focused 2009 Copenhagen Climate Change Global Summit, the PRC government formally announced its emissions reduction target in the medium term. The same year, the Vanke's Annual Report (2009, p. 2) further strengths "the imperative to lift the energy saving and environmental friendly standards in construction". However, the report specify that Vanke's intention to "go green" was not only a lofty idea, neither an idealistic vision. The company management team recognized that the ability to develop and maintain "green" properties would play a key role in product competitiveness and may become important elements to compete in the market in the future as other housing projects and services were becoming increasingly homogeneous (Vanke Annual Report, 2009, p. 3). Nevertheless, Vanke's "green" efforts were also inscribed in a long term plan. "The conversion of the green competitive advantage into revenue clearly shown on the financial statements will not occur in 2010, nor in the next two to three years" stated again the Vanke Staff (Vanke Annual Report, 2009, p. 4).

From 2007 to 2010, Vanke's CSR reports were thus identified as green books, enhancing the vision of the company that was aiming at positioning itself as an

“outstanding green enterprise”.¹⁰⁵ Moreover, Vanke’s CSR reports would also continue, during the years, to enhance thus the capability, due to technological innovations, that the company was developing to reduce energy consumptions and carbon emissions in its housing projects. Indeed, Vanke’s “green fever” has also counted on other elements of its strategic development, such as the focus on housing industrialization (see the next paragraph for more specifications), as well as the subsequent commitment in selling houses with fully finished interiors (rather than “raw units”) and the development of an efficient and sustainable supply chain.

In 2007, Vanke began to supply fully decorated units, with the purpose of increasing the product offering in the following years. In this regard, the founder of Vanke clearly expressed his strong commitment in an interview published by the *Shenzhen Business Daily*: “in the future, Vanke will only sell finely decorated houses. If customers want to buy a house that still need to be renovated, they can only buy it from other real estate companies” (Zhu Lihua, 2007). Indeed, the percentage of wholly furnished units, as a percentage of the area for newly commenced construction of the company, rose from 60 % in 2008 to 79.5 % in 2009 (Vanke Annual Report, 2009, p. 24). Finally, in 2013, the number of furnished units allocated by Vanke exceeded 100,000 units, accounting approximately for the 90 % of the total ones (Vanke Annual Report, 2013, p. 6).

In the meanwhile, the new business model and product offering involved the company in a more complex and stringent requirements for construction management. Vanke thus established a set of relatively comprehensive procedures for unit furnishing and delivering superintendence. In 2012, the Company published a set of *Grading Standards for a Healthy Housing System*, which stated a more rigorous interior environment furnishing technology and management guidelines, as well as it increased the frequency of material and furniture random inspection. The following year Vanke would also promote *Guidelines on inspection and acceptance of furnished housing upon delivery*, which included a third party inspection prior to the housing deliver in order to ensure finishing quality. Figures 7.33 and 7.34 display Vanke’s furnishing quality control testing area in Vanke Housing industrialization Research Center in Dongguan.

Vanke’s strategy became thus very different from the major part of other housing developers that were offering rough units—with buyer having to provide plumbing, doors, and flooring after purchase. Vanke began to offer furnished units as a further way to differentiate itself from its competitors and increase the perceived quality of its housing offer (Zhang & Alon, 2010, p. 121). Moreover, the same practice began immediately another way for Vanke to promote itself as more “environmental friendly” company. In several sources (e.g Vanke Annual Report, 2009, p. 24) Vanke’s managers were so committed to praise the advantages of fully finished units, which includes better quality control, less cost and time for customers, but particularly less waste created during the decoration process. Indeed, according

105 Vanke’s vision to be a green enterprise was recorded for instance in Vanke Annual Report (2009, p. 25) and in Vanke CSR Report (2014, p. 5).



Figure 7.33: Vanke's quality tests on home furnishing elements in Vanke center for research on housing industrialization (source: picture by the author).



Figure 7.34: Vanke's quality tests on home furnishing elements in Vanke center for research on housing industrialization (source: picture by the author).

to Vanke's calculations, fully decorated houses can reduce material waste, usually produced for decoration, by two tons per each unit (Jia et al., 2017).

Moreover, fully decorated units became also another way for Vanke to gain and legitimize higher control on its overall supply chain, which has been made another standing point for the company's CSR promotion. For instance, in 2009, the firm launched a campaign acted at ameliorating the living condition and occupational safety of workers involved in Vanke's construction sites (Jia et al., 2017). In the meanwhile, Vanke joined a cooperation agreement with the international institution World Wildlife Fund (W.W.F.) in 2011, aimed at reducing the consumption of timber in Vanke's construction practices in order to protect the rain-forest and fight against the climate change (Figure 7.35). Vanke started then more collaborations, as well as control activities with its suppliers, spreading its values of environmental friendliness and sustainable development upward and downward its supply

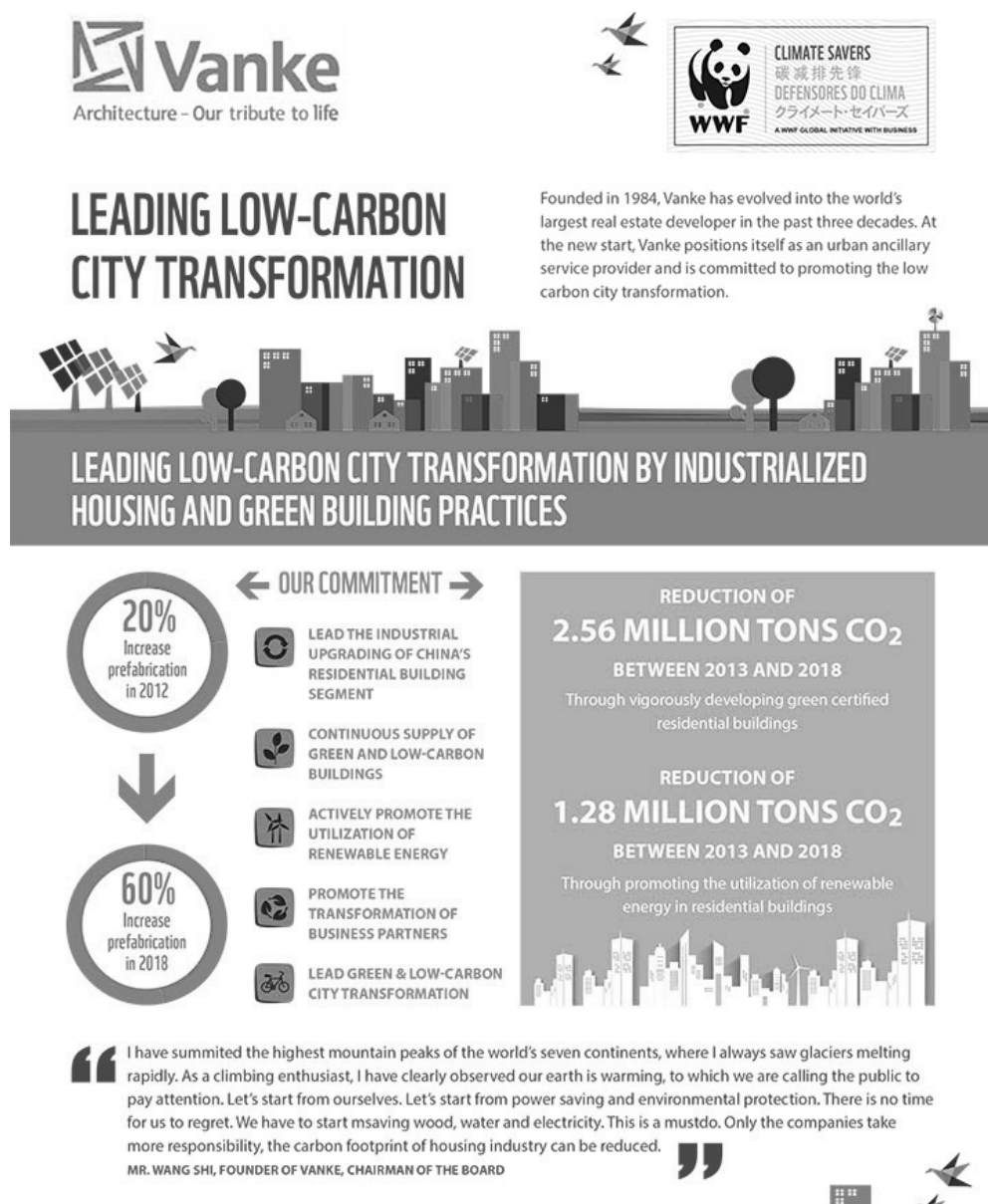


Figure 7.35: Resume of Vanke's WWF green fact Sheet (source: Vanke Climate Fact Sheet, 2015).

chain. Vanke's Procurement Regulations requires that both general contracts and subcontracts suppliers must achieve *ISO14000 Environmental Management System Qualification* (Vanke CSR Report, 2014, p. 28).

Thereafter, Vanke was also committed to apply "green" technologies and practices directly on its housing designs. After the company concluded its first three-star green certificated project in 2009,¹⁰⁶ it built up 0.75 million sqm of three-star green buildings in 2010, a number that was committed to growth in the following years. In 2010, Vanke's number of three-star green projects accounted more than

¹⁰⁶ In June 2009, Phase 4 of the Dream Town, Shenzhen was the sole residential project in the PRC to be awarded the Three Star certification under the "Green Building Design Evaluation Criteria" (Vanke Annual Report, 2009, p. 25).

the 50 % of the China's national result (Jia et al., 2017). In accordance with the PRC's *Green Building Evaluation Standard*, the company preliminarily formulated *China Vanke's housing performance standard* and continuously applied this latter to its projects. Indeed, since 2009, Vanke has formulated technical standards for green building procurement which, in many respects, were higher than national ones (Zheng Li, 2010). Finally, some Vanke's projects (for instance the case of Guangzhou Vanke Groove (广州万科峯境) - in paragraph 6.7) display that the company was directly committed to promote low-carbon and ecological lifestyles to inhabitants of its residential communities.

Another proof of Vanke's commitment in selling itself as a green enterprise is represented by the construction of the Vanke Center, which became the new headquarter of the company (Figure 7.36). The artifact was acknowledged as the first LEED certified Platinum office building in China (Jia et al., 2017). The building, which site in Dameish—Yantian District, Shenzhen—has been designed by the renowned architect Steve Holl and it attracted the attention of many media and specialized magazines—both in China and abroad—on Vanke's "green" turning point (e.g. Cheek, 2011; Jun Qing, 2010; Ouroussoff, 2011). As Wang Shi himself described it, "the building should represent the apex of environmental protection" (Wang, 2017, p. 190). In this manner, Vanke would further strength nationally and internationally its image as a leading enterprise in Low Carbon development (e.g. Huang Shuhui, 2009; Lei Meng, 2009b). As consequence, in 2009, Vanke was selected by *Fortune China* as one of the "10 Green Companies" for its achievement in the research on prefabricated green buildings and urban low-income residential properties (Vanke Annual Report, 2009, p. 24). The image of "Green Vanke" has been then presented at the 2010 World Expo in Shanghai, in which Vanke hold its own corporate pavilion (Figure 7.37), which envisaged the theme of "respect" (e.g. Li Jilian, & Huang Wei, 2010; Xia Ling, 2010; Zhang Li, 2010). Finally, thanks to its "green" commitment, Vanke was able to acquire international resonance and in 2014 the company was named as the first real estate company to join the prestigious WWF Climate Savers program.¹⁰⁷

Moreover, Vanke's CSR program focused not only on environmental sustainability but also on the social sustainability related to the housing sector. Along this stance, Vanke's experience informed the Chinese government's initiatives for affordable housing projects, which were strongly strengthened in 2007, when the state council issued *Opinion on Solving the Housing Difficulties of Urban Low Income Families* (Cao, 2015, p. 348). The document revised and pushed the two-tier public housing system consisting of Cheap Rental Housing (CRH) and Economic Comfortable Housing (ECH) which was already enacted in 1998.¹⁰⁸ Thereafter, the

107 Assumed from Vanke Climate Fact Sheet (2015). Available at <https://climatesavers.org/vanke/>

108 The CRH program is targeted a accommodating lowest income households with nominal rent rate, playing a residual role as in U.S. and other western countries. The ECH program is expected to promote homeownership within low-to-medium income households who could not afford buying home at market price (Chen & Deng, 2014).



Figure 7.36: Vanke's headquarter in Dameisha, Yantian District, Shenzhen (source: picture by the author).



Figure 7.37: Postcard of Vanke's 2010 World Expo Pavilion in Shanghai (source: Vanke Pavilion: Telling the story of "respect", 2010).

Price-Cap Housing (PCH) was made current in some big cities. The scheme forced local governments, when they lease a land, to set a cap on the end price of part of the housing development.

In this context, many documents (He Yunyun, 2006a; Liu Xiaoyun, 2005; Wu Xiaobo, 2006a; Wu Xiaobo, 2006b) disclosed that, already in 2005, Vanke agreed to promote and participate to a government sponsored program for the research and development of low-income housing solutions. As a prelude to Vanke's mass construction of low-cost housing, the company intended to launch, together with the Chinese Ministry of Construction, a pilot design proposal to be located in Shenzhen, nearly the recently emerged "Vanke V Garden" (Xu Guangrong, 2006). In this respect, the words of Wang Shi, in an article published by the *21st Century Business Herald*, reflected the importance the company was giving to design issues while facing its CSR narrative: "this housing project will be included in



Figure 7.38: Aerial view of the “Urban Tulou” in Guangzhou (source: URBANUS Official Website).

one of our upscale community, so it will not be a simple dehumanized row set of rooms, but a well-designed and well-managed type of housing accommodation” (Xu Guangrong, 2006). However, the proposal never came into being, because the project was strongly reject by the owner from the nearby upper class community (Han, 2018, p. 155).

Thereafter, Vanke endured to pursuit the objective to accommodate low-income families by promoting and financing a new low-income housing project in Guangzhou between 2006 and 2008. The project, named “Vanhuilou” was conceived to attract as much as possible the attention of a broader public to Vanke’s Social Responsibility agenda. The building would be iconic and extremely well-designed. Vanke requested, for the overall design of the building, URBANUS,¹⁰⁹ an outstanding design firm belonging to a new generation of socially active Chinese architects. The building, later denominated “Urban *Tulou*”, features the shape of a “*Tulou*”, a traditional type of cob building contrived by *Hakka* population in rural area of Fujian province. According to Han (2018, p. 136), the “Vanhuilou” represented thus a “provocation from the perspective of commercial interests”.¹¹⁰ In this manner, the project clearly challenged the market system of housing provision, by the fact that Vanke, as a private institution, sponsored and developed “a private project for public welfare” (Han, 2018, p. 137). The project attracted the attention of media and professionals, it was largely published in architectural journals and

i Assumed from URBANUS official website, available at <http://www.urbanus.com.cn/projects/tulou-collective-housing/?lang=en>

110 Han (2018, p. 136) explained that the project’s investment would be recovered by Vanke in more than fifty-seven years.

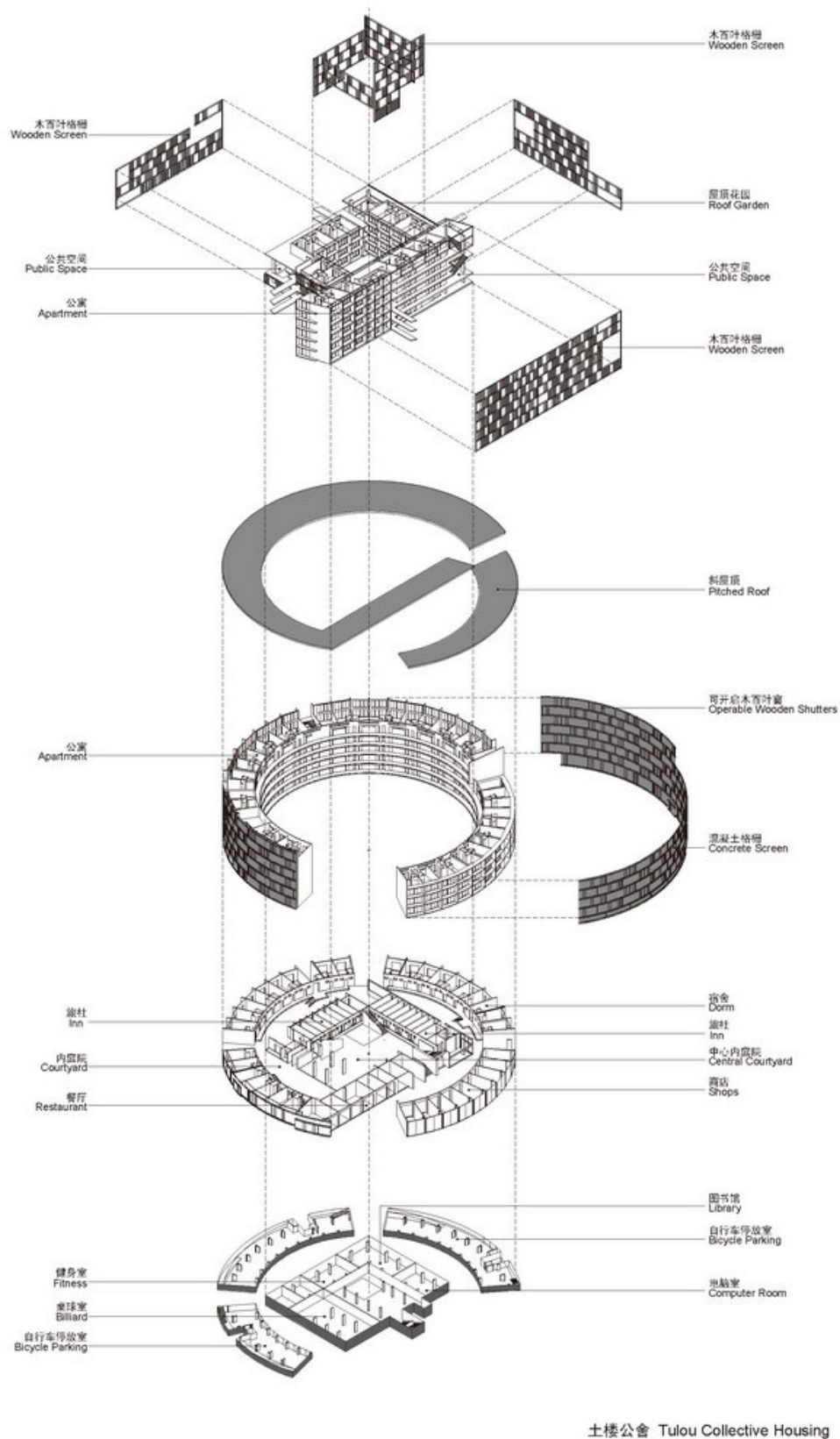
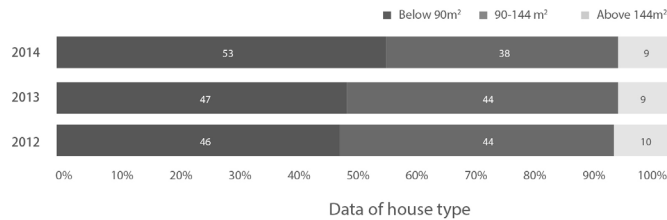


Figure 7.39 : Drawing of the “Urban Tulou” in Guangzhou (source: URBANUS Official Website).



Build Good and Affordable Homes

"Building good and affordable homes" is the major product positioning which Vanke has always insisted on. In 2014, small and medium-sized common commercial homes are still the main products of Vanke's residential projects, with those below 144m² accounting for more than 90%.



25 m² apartments

Vanke has taken full consideration to young people's housing demand and lifestyle and seeks to realize their dreams for homes by releasing the 25 m² apartments under an extreme and creative designing concept. Providing living room, bed room, bathroom, kitchen, study and other multiple functions within limited space, we will make young people experience a brand-new cool life.



Figure 7.40: Model of affordable housing solution for young people (source: Vanke CSR report, 2014).

national newspapers (e.g. Liauw, 2008; Liu Xiaodu, & Meng Yan, 2008; Vanke Vanhuilou Building is settled in Guangzhou's "Shoushan District", 2008), further putting more emphasis on Vanke's brand image as a social responsible, and also a design centered enterprise. More broadly, central to Vanke marketing strategy and corporate image was becoming a stronger architectural involvement within its housing production.

Subsequently, the "Vanhuilou", which has been a leading and an isolated case, would be followed by many other initiatives. By the end of 2014, Vanke could lay claim it had built more than fifteen affordable housing programs, covering an area of around one million square meters in other cities like Beijing, Xi'an, Qingdao, Urumqi, Shenzhen, Xiamen, Sanya, Nantong, Hangzhou and Shanghai (Vanke CSR Report, 2014, p. 48).

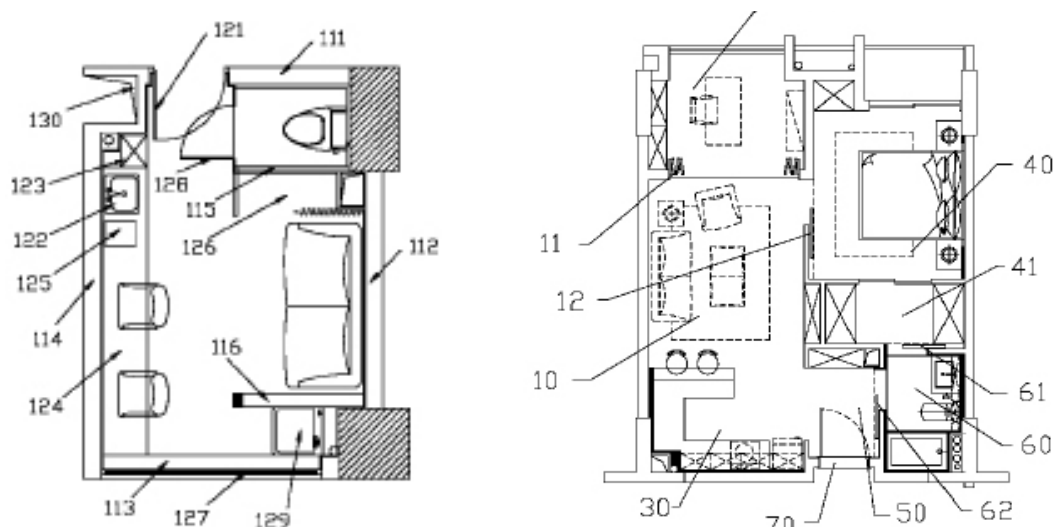


Figure 7.41: Patents of “small apartments” and “very small apartments” (source: China Vanke Co. Ltd. (2010). P.R.C. Patent No. 201020189551.4. Shenzhen, China: State Intellectual Property Office of the P.R.C. and China Vanke Co. Ltd. (2011). P.R.C. Patent No. 201120528100.3. Shenzhen, China: State Intellectual Property Office of the P.R.C.).

Moreover, in addition to supported government programs, Vanke began to develop discourses on its commercial houses development which can support its Vanke’s CSR strategic goals as well. For instance the company continued to claim a further reduction to apartment units’ sizes,¹¹¹ together with the development of original and comfortable housing solution for young generations (Figure 7.40). In this respect, the company registered different patents for “small apartment” (小户型住宅)¹¹² and “very small apartments” (极小户型住宅),¹¹³ which would be later applied to Vanke’s housing projects (Figure 7.41). In this manner a stronger rhetorical connection has been made between dwellings’ sizes, their affordability and the respect of the company for the people and the society.

However, at the end of the 2010s, Vanke was not the only listed real estate enterprise to manage a CSR strategy. Indeed, soon after its commencement, Vanke’s CSR program started also to deepen into the public discourse field (Kwang, 2011). In this context, many other developers started to run their own CSR program. In 2010, the *Chinese Company Law*, which was followed by the *Guide to Standard Operation in Environmental and Social Governance of Listed Companies on the Shenzhen Stock Exchange*, was requiring more and more influential enterprises to undertake Social Responsibility agendas (Sarkis, Helms, & Hervani, 2010). The same year, the *ISO26000: Guide to Social Responsibility* (2010) was also issued by

111 According to Vanke CSR Report (2014, p. 19), already in 2012, around the 50% of Vanke’s houses were units below 90 sqm of GFA, with those below 144 sqm accounting for more than 90%.

112 China Vanke Co. Ltd. (2010). P.R.C. Patent No. 201020189551.4. Shenzhen, China: State Intellectual Property Office of the P.R.C.

113 China Vanke Co. Ltd. (2011). P.R.C. Patent No. 201120528100.3. Shenzhen, China: State Intellectual Property Office of the P.R.C.

the International Standard Organization, in conjunction with the publishing of the *Harmonious Society Policy: From economic Growth to societal balance* (Sarkis et al., 2010). Those series of policies implicated a more technocratic manner to intend Social Responsibility, which would be also reflected in the narrative of successive Vanke's CSR reports (cf. compilation basis in Vanke CRS Reports, 2014, p. 2, 2016, p. 3).

7.4.3 Paving the way towards housing industrialization: Vanke's improvement in standardization

At the end of the 2000s, “making homes the way you make cars” would be one of the slogans repeated by Vanke's high level managers in many sources (e.g. Long Fei, 2009; Fu Canhua, 2010, Wang, 2017, p. 175). This analogy was the statement adopted by Vanke managers to describe the firm's road towards housing industrialization. Standing to a Vanke's own description, it refers “to the process in which floors, stairs, interior walls, balconies and other components are prefabricated pursuant to the standards and specifications required by the company at factories and assembled by the construction companies on-site”.¹¹⁴

It is useful here to hypothesize some motivations which have brought a real estate firm, such as Vanke, to commence such a difficult and capital intensive strategic direction. Firstly, the choice to conduct research and apply housing industrialization to its real estate projects was surely a mean to ensure Vanke's rapid growth. Since the company was operating nationwide and at a large operational scale, the company's directors expressed the idea that Vanke needed inevitably to put more emphasis in industrialization in order to ensure quality and quantity at the same time.¹¹⁵ In the meanwhile, housing industrialization became thus a rhetorical engine for many initiatives and strategies ensured by the company between the end of the 2000s and the start of the 2010s. Indeed, Vanke's industrialization strategy has primarily to be thought as a promotional mean to support the company's “green” vision, quality development and further differentiation from the competition.

However, the historical reconstruction of the process that brought Vanke to industrialize its production, led also to notice that enterprise has been firstly devoted to learn from other companies or contexts also in the field of industrialized construction methods.¹¹⁶ Historical records report that Wang Shi has been inspired

114 In this manner, the concept of housing industrialization has been explained by Vanke to international shareholders in the document Listing of the Overseas Listed Foreign Shares By Way of Introduction on the Main Board of the Stock Exchange of Hong Kong (2014).

115 This idea was clarified in some national newspapers (e.g. Ding Xiaoyi, 2006; He Yunyun, 2006).

116 The history of Vanke has previously shown that the firm has been many times successful at looking from other companies or situation to learn from. To make some examples, Vanke learned from Sony the practice and the concept of after-sale services (see paragraph 7.1.3), it learned from Sun Hung Kai how to standardize its procedure and manage its financial risk (see paragraph 7.1.4) or it was inspired by the American giant Pulte Home to develop its CRM system (see paragraph 7.4.4).



Figure 7.42: Entrance of Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

by the experience of the Japanese construction industry (Wang, 2017, p. 176), which cultivated a strong tradition in the field of prefabricated housing techniques during the post-war reconstruction period. Vanke settled thus on partnership and agreement with Japanese companies, such as Toyota Housing and Taisei Corporation (Jia et al., 2017), as well as it hired a new Japanese executive operation manager to lead the firm's department dedicated to research and development in housing industrialization (Liu Xiaoyun, 2006). Moreover, Vanke started a new training campaign for engineers working and researching in housing industrialization. Since 2006, the company send more than 1,000 employees in Japan to acquire knowledge in the field. Thereafter, only few years later, Vanke would have shifted from “learning from the others” to develop indigenous innovations.

First uncovered traces of Vanke's journey towards the development of industrialized housing construction techniques can be dated to 2004 (e.g. Lin Jinfang & Liu Ming, 2004; Ni Fengyou, 2004), when the company designed an experimental building, which was later completed in 2005.¹¹⁷ After some years of testing and experimentation, in August 2006, Vanke acquired a capacious piece of land in Songshang Lake Area in Dongguan, a newly established National Development Zone in the region of Pearl River Delta (Liu & Ying, 2009). The area became the construction base for the new Housing Industrialization Research Center (万科建筑研究中心), firstly promoted by Vanke and inaugurated at the end of 2008 with the political support of the central government of China (Figure 7.24). In February 2007, Vanke won the Ministry of Construction Approval, and its research center officially became the base for a “National Housing Industrialization Ground” (Vanke Housing Research Center, 2007).

117 According to Liu and Ying (2009), In this building, PC (prefabricated concrete) structure, PC wall, PC-style kitchen and a whole room, light steel walls and light steel roof have been completely and comprehensively tested for a variety of industrialized building system.

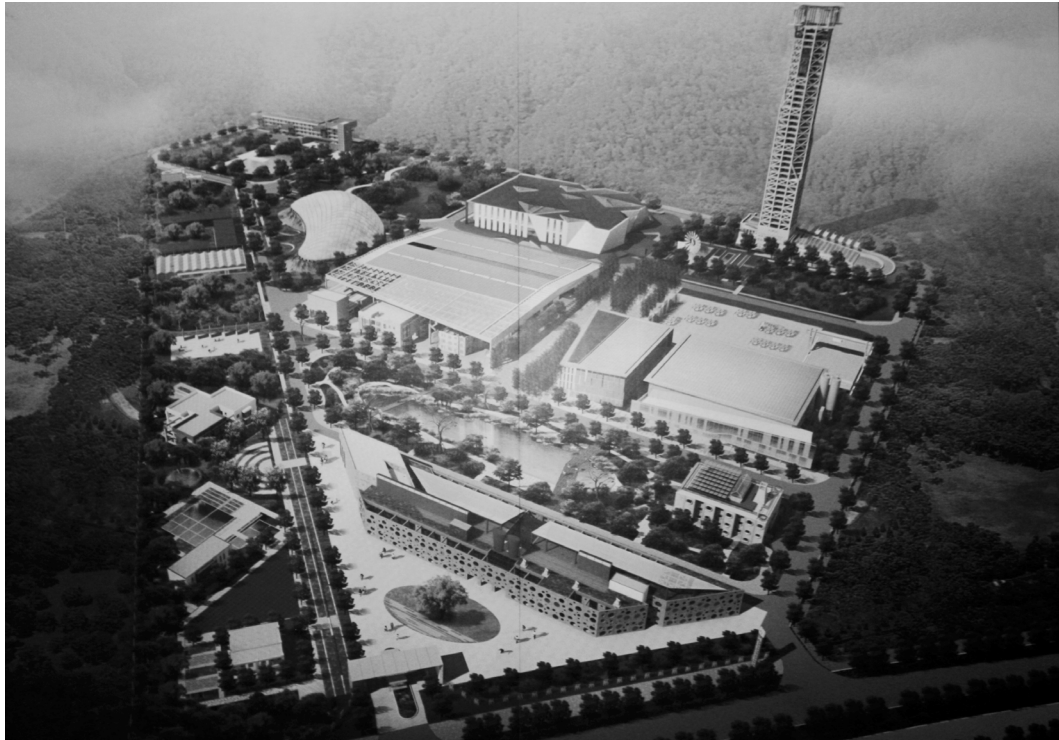


Figure 7.43: Aerial render view of Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

The objectives of the center, exposed by Jiang Yan, PR manager of the center, clearly reflected the general aims of Vanke's housing industrialization program, that was devoted at raising the overall housing quality and lowering the development costs.¹¹⁸ Subsequently, the research center, consisting of different pavilions and functional sectors, is a particular interesting field of inquiry because it partially reflects Vanke's strategic directions in housing industrialization (Figure 7.43).

The main venue of the center hosts the PC lab and its related display area (Figure 7.44). The PC lab represents a factory prototype where practical and professional experiments can be done. The PC lab exhibits the production process of Vanke's industrialized elements. The overall production is made of three production lines. The first one is the molds processing area. In this area, steel molds (steel molds can be used more than 200 times) are done through the use of several automatic precision machines. The second line is the rebar processing area, in which a digital bending machines replace the traditional method by workers' hand, in order to reduce structural errors (the machine can control the geometric size deviation by 2 mm). The last one is the labor processing area, where individual workers pour the liquid concrete into pre-cast mold, waiting for concrete solidification (Figure 7.45). All the pre-cast concrete elements are then arranged to be assembled in situ (Figure 7.46).

118 Interview with Jiang Yan, PR manager at the center for research on housing industrialization at China Vanke Real Estate Co. Ltd.; The meeting took place in the China Vanke Housing Research Centre in Dongguan on March 8th 2017.



Figure 7.44: PC concrete Lab in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).



Figure 7.45: PC concrete Lab in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).



Figure 7.46: Prefabricated concrete elements in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).



Figure 7.47: Living model of Vanke experimental building n.4 in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

The center include then four experimental buildings, which represent different phases of Vanke housing industrialization program. Indeed, following the words of a Vanke engineer, employed in the Housing Industrialization Research Center, Vanke's industrialization process could be basically approached hereafter in four phases.¹¹⁹

Between 2006 and 2008, the industrialization process was focused on reaching the higher percentage of standard exterior walls and structural elements. The experimental building n.4 (Figure 7.47), built up in 2007 within Housing Industrialization Research Center, reached for instance a pre-cast rate up to the 60 % of the overall construction. Moreover, the experimental building improved also the construction design and process of interior decoration system for "social type customer" among young consumer groups. Furthermore, the overall construction of one story of the building could be finished in solely 5 working days.

Later on, from 2008 to 2010, Vanke started to experiment industrialization of many other concrete housing components such as beams, baloneys, slabs, stairs etc. A proof of Vanke's innovation efforts in the period, could be retrieved by the analysis of the large number of patents, registered by Vanke Research center, between 2008 and 2010¹²⁰ (Figure 7.48, 7.49, 7.50). Some of those innovations were thus

119 Interview with Chang Li, an engineer working in the center for research on housing industrialization at China Vanke Real Estate Co. Ltd.; The meeting took place in the offices of the China Vanke Housing Research Centre in Dongguan on March 5th 2017

120 For instance the patent of Vanke PC beams in Vanke Building Research Center (2008). P.R.C. Patent No. 200810066858.2. Shenzhen, China: State Intellectual Property Office of the P.R.C. and Vanke PC slabs in Vanke Building Research Center (2008). P.R.C. Patent No. 200810066986.7. Shenzhen, China: State Intellectual Property Office of the P.R.C. and Vanke composite wall

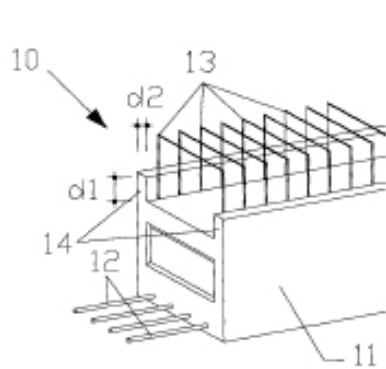


图 1

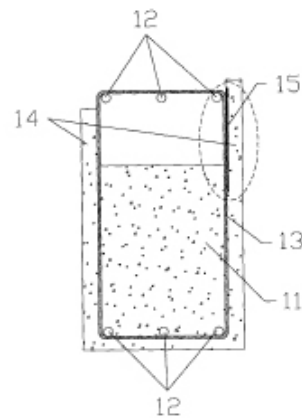


图 2

Figure 7.48: Drawings of patented Vanke's beam solution (source: Vanke Architectural Research Center (2008). P.R.C. Patent No. 200810066858.2. Shenzhen, China: State Intellectual Property Office of the P.R.C).

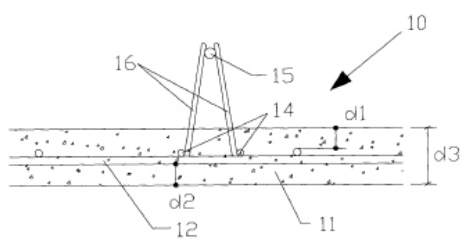


图 1

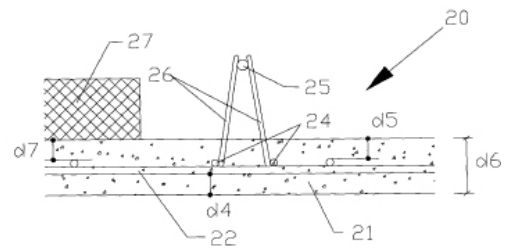


图 2

Figure 7.49: Drawings of patented Vanke's PC slabs (source: Vanke Architectural Research Center (2008). P.R.C. Patent No. 200810066986.7. Shenzhen, China: State Intellectual Property Office of the P.R.C).

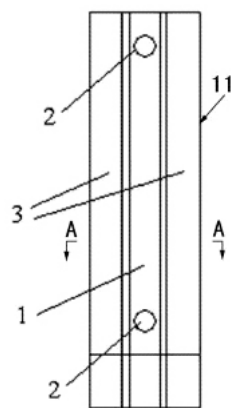


图 1

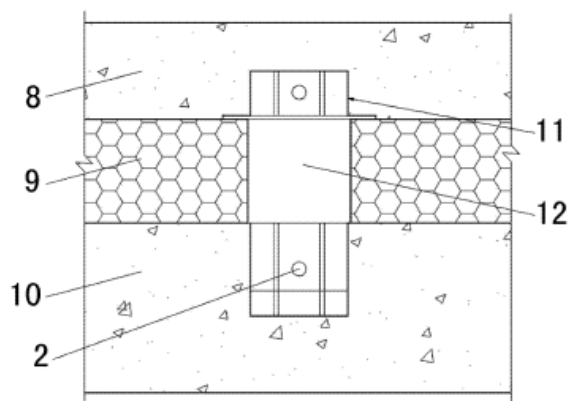


图 5

Figure 7.50: Drawings of patented Vanke composite wall connectors in Beijing Vanke Enterprise Co., Ltd. and Tongji University. (2010). P.R.C. Patent No. 201010191542.3. Beijing, China: State Intellectual Property Office of the P.R.C



Figure 7.51: Living model of Vanke experimental building n.6 in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

exhibited in the experimental building n.6 in the Vanke Housing Industrialization Research Center (Figure 7.51). As explained by Jiang Yan, PR manager of the center, the building particularly increased the prefabrication of outer walls and windows frames in order to reduce water and air infiltrations from 60 % to 0.1 %.¹²¹ Following these steps, between 2007 and 2010, the firm started thus to set up industrial housing pilot projects in four main cities in China. This starting program gave rise to several Vanke's products' lines such as "Vanke New Milestone" (万科新里程) in Shanghai and Shenyang, "Vanke Metropolis" (万科青年公馆) in Shenzhen and "Vanke COFCO Holiday Town" (万科中粮假日风景) in Beijing (see paragraph 6.5) and Tianjin to name just a few (Ma Ning, 2008).

From 2010 onwards the company would have focus on the development of aluminum forms for concrete casting, which would be more expensive but easier to reuse, as well as they can increase the precision and the quality of structural elements (Figure 7.52).

Lastly, from 2012 onwards, the company began also to implement several kinds of concrete landscape elements with a further variegated set of shapes (Figure 7.53 and 7.54). Many of these products have been applied to Vanke's projects such as Vanke Cloud City (广州万科云城) in Guangzhou and Shenzhen (see paragraph 6.8) or Vanke Light of the City (合肥万科城市之光) in Hefei to name just a few.

connectors in Beijing Vanke Enterprise Co., Ltd. and Tongji University. (2010). P.R.C. Patent No. 201010191542.3. Beijing, China: State Intellectual Property Office of the P.R.C.

121 Interview with Jiang Yan, PR manager at the center for research on housing industrialization at the China Vanke Real Estate Co. Ltd.; The meeting took place in the China Vanke Housing Research Centre in Dongguan on March 8th 2017.



Figure 7.52: Aluminum forms for concrete casting in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).



Figure 7.53: Pre-cast concrete landscape elements in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).



Figure 7.54: Pre-cast concrete landscape elements in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

Type	Year		
	2013	2014	2015
Floor space of industrialized housing (10,000 m2)	689	1513	3347
Pre-cast concrete elements	8,7%	27%	45%
Pre-assembled inner walls	38,3%	100%	100%
Plaster free inner/outer walls	27%	87%	100%

Table 7.3: Vanke's prefabrication activity for 2013 - 2015 (source: Vanke CSR reports, 2014, 2015).

However, during the years, Vanke would continue to promote the process of housing industrialization and its application in many of its real estate projects. According to Vanke CSR Report (2014, p. 37), in 2014, the company's industrialized buildings registered a total floor space of about 15 million sqm that account for the 68.7 % of total Vanke's construction area. Among them, 27 % adopted completely prefabricated parts, 100 % used prefabricated interior walls, and 87 % had plastering-free interior and exterior walls (cf. Vanke CSR Report, 2014, p. 37). Table 7.3 exhibits in number Vanke's recent commitment in housing industrialization.

However, one should also mention that, during the earliest phase of research and development, industrialized housing construction was only a sideline in comparison with all the other Vanke's projects adopting traditional construction methods. Prefabrication was, however, instrumental in modernizing housing construction and turning housing development into a manufacturing activity in China. Housing industrialization was a supplementary idea to support Vanke's standardization effort that now was not merely relying on standard procedures but also on authentic standardization of construction elements, which can be made off-site and assembled in situ. Moreover, these latter ones started to be not only structural components but also decoration elements, furnitures and home appliances, which would be related to Vanke's wholly decorated housing offer (see paragraph 7.4.2). Subsequently, an article appeared in the *China Real Estate News* reported that Vanke developed three level decoration standards on the basis of different target levels (Zheng Li, 2010).

Finally, as mentioned before, housing industrialization should be thought as a strong action to promote the image of the company. Housing industrialization was surely the basis to support Vanke's "green" narrative but also it aimed at convincing the public Vanke was ensuring more quality and control of its housing products rather than other real estate players, which would become another fundamental discourse to sustain its "quality growth".

7.4.4 Increasing housing quality: Vanke as a customer oriented enterprise

Zhou Yanmin, professor at Tsinghua University and Deputy Director of the Housing and Community Research Institute, interviewed by *Domus China*, was clear in that China was still experiencing, during the 2000s, a huge gap between “quantity” and “quality” of its housing stock (Vanke Domus). Indeed, it also well acknowledged in the academic debate (Chen, 2003; Liu & Xue, 2016; Yung & Yip, 2010), that housing system reform in 1998 led many developers, and Vanke with them, to blindly pursuit the “quantity”, connected with profit and speed of development, rather than the quality of housing produced. In the wake of a changing environment in the housing market, given by macro control policies and increasing competition, Vanke was committed to a further significant strategic adjustment. In 2004, the Vanke Annual Report (2004, p. 7) declared that “the strategy of the Company would shift from professionalism to meticulousness, and its strategic goal for the future 10 years is to achieve quality growth”. In the passage above, the report was also explicit in describing which strategies for controlling the quality of development would be firstly applied by Vanke. “The Company began developing three main strategies: Customer segmentation, Focus on urban zone and product innovation”, was also pronounced by Yu Liang in the *China Securities Journal* (Jin Ming, 2004).

The mid of the 2000s was a time in China during which the overall real estate industry strove to control the market and accurately predict its future directions. In this context, Vanke marketing managers began to promote a stronger consumers’ ethic. Vanke thus hired Gallup, an independent third party organization, to retrieve and analyze the level of customer’s loyalty and the determinants of their satisfaction. It should be acknowledged that market research had market prediction and the knowing the consumer as its main goals. New methods were continually developed by Vanke to further understand the urban inhabitants of the Chinese commercial houses and to regain control over their consumption habits. Indeed, under customer segmentation strategy, the company began so to analyze and classify the different demands of home buyers according to their physical and structural characteristics such as their profession, salary, age group etc. Following previous parameters, Vanke would establish several housing layouts and apartment dimensions which can respond to different inhabitants’ life cycles (Table 7.4). An epistemological connection of such a newly acknowledged view of customers’ life with a growing awareness of people demand for high quality housing is expressed in this strategic configuration. So, houses of Vanke in the 2000s were almost uniform in planning, but these were more adjusted and categorized according to inhabitants’ needs and market segments. Probably, it goes without saying that market-oriented reform has also led to social transformation, and thus given rise to a sort of social and cultural pluralism (Zheng, 2014, p. 121). In this sense Vanke’s main strategic positioning, in the 2000s, was indeed a direct response not only to the quest for greater housing quality in China, but also to this increasing plurality of social groups with diversified interests, cultural values and lifestyles. Its weekly magazine, *Vanke*

Family Life Cycle	Parameters	Space needed
Families with young adults (aged 22-27)	Age of the owner/Elderly or not	22 - 37 sqm
Families with young children	Age of the children Parents elderly or not	50 - 60 sqm
Families with adolescents		
Families with three generations living together		Around 88 sqm
Families with middle aged adults	Ages of the owner and children	
Elderly Alone	Number of linear generations in families with elderly	Over 88 sqm
One generation with elderly		
Two generation with elderly		
Wealthy Families	Family Annual Income	Urban Villas
Practical Families	Family Annual Income	Urban Apartments

Table 7.4: Vanke's market segmentation (source: elaboration by the author based on Vanke Annual Reports, 2004, 2005).

Weekly, published between 2004 and 2014, urged Vanke's customers, its employees and other stakeholders to admire the increasing architectural quality of its housing estates tailored on the basis of customers' demands.

More generally it could be thus stated that, during the mid of the 2000s, the housing market was slightly changing from one favoring suppliers to one more inclined toward consumers. In this context Vanke, before any other developer, called the industry to take this statement into consideration. Two were the main rhetorical drives, developed by Vanke marketers. First, Vanke was advancing an increasing humanistic narrative, which resulted in the slogan "the customer is the Vanke's greatest asset" (Zheng Aimin, 2004). Second, in 2004, Vanke was claiming a radical shift of its modality of operations. "We promoted the concept of providing housing that was customer oriented" claimed Wang Shi (2017, p. 178) in its autobiographic book.¹²² In other words, all this factors leave to intend that "to understand customer value and establish its core capabilities, will be the key to China Vanke's second professionalization" (Vanke Annual report, 2004, p. 8).

At the operational level, a strategic connection has been thus strengthened between Vanke's quality growth and Vanke's improvement into the field of Customers Relations Management (CRM). In 2004, the Vanke's "Customer Service Department" was settled and it would be completely involved in the project development process. The department was committed to conduct extensive evaluations on customer experience, before the launch of a project, and to provide

¹²² The lines of the Vanke Annual Report (2004, p. 8) run along the same course: "Vanke would shift from a project-oriented operation system to a customer value-oriented operation system".

supervision on the process of housing production, as well as the provision of services from the perspective of future inhabitants (Vanke Annual Report, 2004, p. 35). In this regard, Vanke was aiming at increasing the customer communication capacity, thus improving their recognition of product quality. Later on, to increase work efficiency, Vanke developed and implemented its own CRM system exclusively fitted for property business, which became the first of this type in the PRC. Subsequently, in 2011, Vanke Customer Relationship Management System, named “6+2 CRM”¹²³ was formally registered by the National Copyright Administration (Vanke CSR Report, 2014, p. 26).

However, further evidences display that Vanke’s quality improvement would have been for the company an on-going and continuously changing narrative, which became indispensable to support the company’s financial and geographical growth in the years to come. In 2009, Mao Daoqing, Vanke’s Vice president, stressed again the idea of “quality” in the *International Business Journal*, “Vanke chose to move from scale-speed” growth to “quality-effectiveness” growth, paying more attention to the quality of operations” (Lei Meng, 2009). Following this line, a rapid overlook to the Vanke Annual Report in 2009 led to notice that Vanke’s quality priorities would have a little bit changed during the 2010s. A more technical and industrial idea of quality would be central in Vanke’s quality discourses. “Price performance ratio is the standard of measurement of product quality. On the front of product performance, the Company will emphasize convenience, comfort, energy saving and environmental friendly aspects of the products when being used” was indeed written in Vanke Annual Report (2009, p. 27). Thereafter, Vanke’s foundation of quality discourses would be also slightly shifted towards standardization of procedures and prefabrication of housing elements (see paragraph 4.3). “The Company will continue to expand the range of standardized product categories as a systematic means to improve China Vanke’s product quality and operation efficiency” revealed again the Vanke Annual Report (2010, p. 14).

Nevertheless, this point in the history of Vanke offers thus an apparent paradox in that the objective of demanding standardization to improve systematic quality management corresponded to another corporate objective of increasing innovation, yet it has been highlighted by Palm, Lilja, & Wiklund (2016) that achieving a balance between improving quality and increasing innovation efforts is not an easy task. Indeed, it is generally agreed that in a general situation of market maturation, such as the Chinese one during the 2000s, both quality, and innovation, have been important aspects of competitiveness. However, it is interesting to note that this debate had also some consequence on Vanke’s architectural production at that time. Indeed, design standardization of successful projects has always been a common practice of developers, both in China and elsewhere, because it enabled them to minimize the financial risks associated with projects’ development (Friedman, 1993). Vanke applied thus standardization to product categories in many aspects, such as product

123 According to Jia, Gosling, & Witzel (2015, p. 172), Vanke developed its own CRM system on the model of the American Housebuilding Company “Pulte Homes”.

inventory, styles, units' furnishing, landscape elements and many others. However, the company continued to lead on innovations in the construction process (through research and development in housing industrialization - paragraph 7.4.3), as well as it was able to persuade architectural firms, involved in projects, to experiment in something new when it was required to give the product a competitive advantage. The larger number of Vanke's projects published in architectural magazines, from 2004 onwards, is clearly demonstrative of this attitude.

Later on, the quality issue has been again at the center of Vanke's strategic goals in June 2013, when Vanke's president Yu Liang and his vice Zhou Yaoming revealed, at a press conference, the formal launch of the "Vanke's Quality Dream". The year after, Vanke CSR Report (2014, p. 22) would state: "we adhere to making a step forward every day and accomplishing the three-year campaign for excellent quality". The statement indicate Vanke's strategic plan to enter a new three years' round of efforts in quality development from 2013 to 2015. In the wake of Vanke CSR program, projects' high – quality commitment was made not only a promotional tool but also a mean of moral expression, because it aims at representing Vanke's responsibility towards its customers' and shareholders' expectations.

Increasing consumers' consciousness and information brought also Vanke to develop a further industrial and data-driven idea of quality, which spread in many of its marketing materials. During the 2010s, in order to improve its quality control management, Vanke established a "Quality Department" under its headquarter structure, with around three managers constantly employed in there.¹²⁴ After some years of research, Vanke issued its quality management system, named "two tools and one table". Through the adoption of this instrument the company aimed at comprehensively strengthening the quality of its products from "the three perspectives of process monitoring, result control and customer's perspective" (Vanke CSR Report, 2014, p. 23). "At the operational level, the tool relies on "Process Assessment", during the construction phase, and "Delivery Assessment", after the construction phase to check the detail, both of them evaluated by a third party organization. Finally, a "Customer Chart" is given to final inhabitants in order to assess their opinion" explained a Vanke engineer.¹²⁵

Obviously, the marketing of "quality" in association with Vanke contributed further to increase the company's brand effect and consumers' loyalty. At this purpose, a statistic published in the magazine *City* shown that, already in 2008, more than the 60 % of surveyed people were suitable to associate a real estate brand to a mean of good quality (Zeng Xinmei, & Zhang Jingbo, 2008).

124 Interview with Shiyuan Rao, Investment Manager at China Vanke, and Qi Fan, Architect at China Vanke; The meeting took place in the China Vanke Headquarter in Shenzhen on April, 12 2017.

125 Interview with Chang Li, engineer employed in the center for research on housing industrialization at China Vanke Co. Ltd.; The meeting took place in the offices of the China Vanke Housing Research Centre in Dongguan, 05 March 2017

7.5 Housing market during the “New Normal” (2012-2016)

“Has the era of rapid growth in China’s housing prices come to an end?” In this manner Vanke Annual Report (2012, p. 2) challenged the new condition of the future Chinese economy, as well as its self corporate history. Indeed, it is not so new to say that, from 2012 onwards, many things would have changed in China, at least from an economic point of view. In 2012, it was clear that a real slow down of the incredible Chinese economic growth was finally occurring. Differently from the case of the financial crisis in 2008, the Central Government stated that there were not more stimulus packages to boost again GDP growth rate (Cao, 2015, p. 319), and that a minor rate of growth should be accounted as “New Normal”¹²⁶ in China, with no few consequences on the real estate, and particularly the housing sector. In order to face the new situation, in 2013, the Chinese government issued a series of policies aimed at providing greater freedom into the market and limit macro control measures (Cao, 2015, p. 98). However, even if, in the second half of 2013, some Chinese cities experienced a rapid inflation of housing prices, many other clues suggested that “the Golden Era” of the Chinese real estate market was dramatically coming to an end. In 2014, the contraction of the property market brought to slower economic growth,¹²⁷ which suddenly reduced the confidence of investors into the housing market and drove to a further fall of housing prices in major Chinese cities (Cao, 2015, p. 322).

As consequence of previous cited facts, the last part of Vanke’s history would be focused on how Vanke dealt with the Chinese housing market “Silver Age”¹²⁸ by exploring new business opportunities both establishing different fields of operation in its homeland and moving part of its investments abroad. Indeed, after tremendous year of economic growth, as many other Chinese enterprises, Vanke needed to find new means to foster its growth, as well as to maintain its economic sustainability in the coming decade.

Finally, another big event in China’s urban history should be accounted here as prominent in determining a further connection between Vanke, as the leading company in the real estate industry, and the surrounding social and political environment. After 2014, the *National New-Type Urbanization Plan (2014-2020)*, promoted by the China’s National Development and Reform Commission, has been delivered, marking a shift in urban policies by emphasizing the quality instead

126 The “economy’s new normal” was introduced by the Chinese president Xi Jinping, in the course of a visit in the central province Henan. The concept was further explained by Xi Jinping during the opening ceremony of the 2014 APEC CEO Summit held in Beijing National Convention Center on November 9, 2014. In this occasion, the Chinese former president delineated the features of the “new normal” in his keynote speech entitled *Seek Sustained Development and Fulfill the Asia-Pacific Dream* (Zhang, Li, Chen, & Li, 2016).

127 In early 2014, the China’s gross domestic product (GDP) started to asset its growth rate at the 7.4%, which was lowest than 1998 (Zhang, Li, Chen, & Li, 2016) (Cao, 2015, p. 319).

128 The definition “Silver Age”, to describe the performance of the market after 2014 has been adopted by Vanke itself (for instance see Vanke Annual Report, 2014, p. 4).

of the quantity and the speed of urbanization processes (Zou, 2014). By further incorporating this ideology in its corporate image, Vanke was thus able to increase its reputation, as well as its corporate image as a responsible, innovative and high quality oriented kind of enterprise.

In this sense, as many other times in its history, this paragraph reveals how Vanke directors were able to swerve Vanke's strategic positioning,¹²⁹ according to the general situation of the market, as well as to make instrumental use of this rapidly changing environment to foster and legitimize the company's hegemonic privatization of urban services and its positioning abroad.

7.5.1 Coming back to differentiation: Vanke as an “urban service provider”

According to a Vanke Annual Report (2014, p. 3), in 2012, Vanke's division organized a study on global property values, which examined 27 economies with relatively complete statistics over a period of 40 years. The company concluded that, “even if Chinese house prices will not drop precipitously in the “Silver Age”, rapid surges in house prices or fast, industry-wide expansions will not be common as before” (Vanke Annual Report, 2014, p. 5). Moreover, Vanke directors were able to recognize that the company main business national layout has been almost settled.¹³⁰ In other words, a huge annual sales of residential real estate would not be more sustainable as before, and Yu Liang, interviewed by the *Securities Times*, clearly declared that “Vanke will definitely encounter it in its fourth decade” (Deng Changqing, 2013).

Indeed, following events would reveal that, in order to face this situation, Vanke would have been directed to take a big step back on its business history. After ten years from its business rationalization (see paragraph 7.2.1), the company, which built its reputation exclusively on the housing sector, would have been committed at diversifying again its business operations and investments areas. “On September 14, Vanke Shuangyuewan project in Huizhou, Guangdong Province, has been officially unveiled” (Liu Xiaoyun, 2011). The appearance of this project was thus imbued with a special meaning, it marked Vanke's first real estate property in the field of tourism and hospitality. However, Vanke Shuangyuewan was not an isolated case, and Luo Wei, Marketing Director of Shenzhen Vanke, said in an interview “that tourism real estate will become a new area of development in the future of Vanke” (Liu Xiaoyun, 2011).

129 “Strategic positioning attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. It means performing different activities from rivals, or performing similar activities in different ways” (Porter, 1979).

130 At present, Vanke is positioned in more than 60 cities around the whole country, accounting almost for one-tenth of the overall national cities. Yu Liang said that “Vanke could also enter more cities in the future, but in general, the national layout of the company has been basically completed” (Deng Changqing, 2013).

新业务简介

vanke 万科
赞美生命 构筑城市

随着中国房地产行业进入白银时代，万科广深区域总经理张纪文于2015年提出“八爪鱼战略”。该战略指出，万科除了自身传统住宅业务，还将加强办公综合体、租赁公寓、教育营地、商业广场以及养老地产等领域的发展力度。

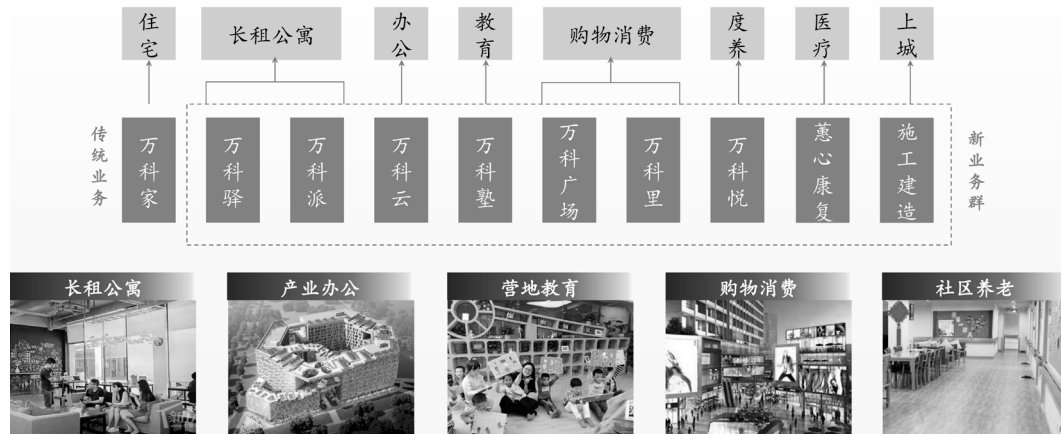


Figure 7.55: Resume of Vanke's new business and product's lines in 2015 (source: Presentation of Vanke Development History and Corporate Culture, 2017).

In the meanwhile, Vanke was setting the business infrastructure to support another big leap forward in its history. According to a local newspaper, in September 2011, Shenzhen Vanke separately established Shenzhen Vanke Commercial Management Co., Ltd., with Zhou Wei as its legal representative (Lai Dacheng, 2011). Only one year later, the *China Real Estate News* reported that Vanke was acquiring a huge amount of commercial land in several Chinese cities (Cui Ningning, 2013). Later on, the intention of the company was then confirmed and specified by another source. According to Vanke Annual Report (2013), during the 2013, the company started to focus on commercial properties in support of residential communities. Particularly, the company developed different lines of commercial projects, such as shopping centers in central districts and central commercial district in peripheral housing estates. At the end of the year, some of the main Chinese cities would have seen the rise of Beijing Jinyu Vanke Plaza (Vmall), Shenzhen Vanke Plaza and Suzhou Vanke Midtown. However, Yu Liang, former Vanke CEO, premised that “the move into the commercial real estate sector is merely devoted to increase Vanke’s experience in the field and the company will not switch all its business to commercial real estate” (Deng Changqing, 2013). Furthermore, as many times before, the case of Vanke drew attention of many media in China, but the company was nevertheless precursory and part of a broader phenomenon. According to Cao (2015, p. 336), “the downturn of the housing market has led many other developers to adjust their development activities in housing and look for new business opportunities”. Indeed, particularly, second and third tier cities still presented opportunities and attracted a number of traditional housing builders to enter in commercial real estate projects.

However, the transition of Vanke’s strategic goals was much more radical and complex than what previous facts have revealed. The company was not merely opening some random commercial or hospital properties, Vanke was completely

changing and innovating its business model and property offer. According to a Vanke presentation (Vanke Development History and Corporate Culture, 2017), a broader idea of diversification came from the southern division of the company. The concept of “Vanke Octopus Strategy”, which refers to further expansion of Vanke’s areas in other business operations, was firstly introduced, in 2012, by Zhang Jiwen, general manager of Vanke Guangshen Region, with no few concerns from other representatives of the organization. According to the new corporate strategy, in order to face the economic challenged imposed by the slow down of the residential sector during the so named “Silver Era”, Vanke would be committed to strength its development in the areas of Hospitality, Retail, Office complexes, Commercial Properties, Long-term rental apartment, Education, Medical and pensions in addition to its traditional residential business (Vanke Guangzhou Branch, 2017) (see figure 7.55). For each of these activities, Vanke developed a sub-brand which directly belonged to the parent company. Finally, in a press release, dated to 2013, Mao Daqing, Executive Vice President of Vanke, revealed that “Vanke aims at becoming a comprehensive urban service provider” (Mao Daqing, 2013).

In this rapidly changing environment, Vanke’s strategic decision to become an “urban service provider” could not be evaluated only in financial and asset terms, some further considerations should be added, though. Indeed, the new corporate strategy has also to be thought as a way for the company to fulfill the expectations of new targets of consumers in a newly and renovated manner. Some Vanke’s projects, such as Guangzhou Vanke Groove (州万科峯境) (see paragraph 6.7) and Guangzhou Vanke Cloud City (广州万科云城) (see paragraph 6.8), which promoted a mix of urban functions dedicated to young couples in China, are to some extent illustrative of this argument. However, particular mention shall be also done to another famous Vanke’s project. The come into being of Liangzhu New Town (杭州万科良渚文化村) truly pioneered the career of Vanke as an “urban service provider” in China. Situated 15 km north west to the city of Hangzhou (Zhejiang Province), Liangzhu New Town was nationally recognized as “an exemplar new rural lifestyle in China under the backdrop of China’s mega scale urbanization and also represents Vanke’s new business model” (Jia, Gosling, & Witzel, 2017). The project was conceived to satisfy the needs of its inhabitants, which were most elderly people, by providing them with various public facilities such as a museum, hotels, a church, schools, a cafeteria (the new Vanke fifth canteen), a farm, and many others—all of which were designed by renowned architectural firms, such as David Chipperfield Architects, Kengo Kuma and Tsushima Design Studio (Figure 7.56 and 7.57). Moreover, Vanke firmly reinforced and innovated its services management operations, by organizing a professional catering team to develop customized special meals, an elderly university, a ballroom dancing, a calligraphy and painting classes, exercises, chess games and many other activities “to make them live a colorful life in the community, and to make them feel happy while learning and working” claimed Vanke CSR Report (2014, p. 21).

In other words, Vanke was developing under its brand a whole series of services, which were normally the responsibility of local governments, thus contributing to a further privatization of urban services in China. Moreover, since, from the



Figure 7.56: Communal spaces in Vanke Liangzhu New Town (source: kinpan.com).



Figure 7.57: Master-plan of Vanke Liangzhu New Town (source: kinpan.com).



Figure 7.58: Aerial view of Vanke Port Apartment in Tangxia Urban Village, Guangzhou (source: archdaily.com).

early starts of its career as residential developer, Vanke built most of its reputation on management services, it was offering, in a certain sense, its strategy of being an “urban service provider”, was nothing more than the peak of a career and the realization of a dream of hegemonic power.

As rhetorically suggested by Mao Daqing himself (cf. Mao Daqing, 2013), a deeper understanding of the case of Liangzhu New Town further confirmed that the company’s dramatic shift in business operations was definitely related to the political and social ideas established by the “New Type of Urbanization”, which has been settled as an important political direction for the country as a whole. In 2014, China’s National Development and Reform Commission put forward the *National New-Type Urbanization Plan (2014-2020)* together with a new type of industrialization, agricultural modernization and informatization (Wang et al., 2015). This initiative aims to change the existing model of urbanization, realizing sustainable development and promoting a people-oriented vision rather than a land-centered one (Chen, Liu, & Lu, 2016). Across this new ideological framework what seems a challenge for China, as well for some private organization operating into the country, was how to rethink the word “urbanization” in itself, especially in relationship with rural and urban areas regeneration practices. Indeed, the concept of urbanization could have a great influence on such places effecting some important mechanisms of heritage preservation and urban village renewal (Zou, 2014).

Some of the last Vanke’s projects could be exhibited as material proofs of this ideology. For instance, it might be mentioned the new Vanke sub-brand line of Long Rental Apartments, Vanke Port Apartment (万科泊寓), firstly promoted in the



Figure 7.59: Entrance of Vanke Port Apartment in Tangxia Urban Village, Guangzhou (source: picture by the author).

city of Guangzhou. The Vanke's brand aimed at providing well-equipment rental space and the integration of community services for young people. Normally, convenient traffic, handy facilities and the vitality of urban life were the three key points for port-apartment. Most of the projects under this name were developed through regeneration of vacant industrial and residential buildings within so named "villages in the city". The first of these ones featured the regeneration design of six old factory buildings in Tangxia Village, in the city of Guangzhou (Figure 7.58 and 7.59). The design narrative draws on the concept of combining the "new with the old", which should be accounted as an innovative practice in China. However, the project rose not only owing to Vanke's intentions but also thanks to the involvement of technological innovations, recently developed by the firm. A Vanke engineer explains "we started to implement a few new technologies appositely for this brand, including but not limited to: walls built by light-gage steel joist and inorganic compound board; self-leveling cement-based materials; PVC floor board to replace traditional wood board; putty-free indoor painting; epoxy floor coating; smart water meter; robot for floor leveling and wall painting spraying etc".¹³¹

¹³¹ Interview with Chang Li, engineer employed in the center for research on housing industrialization at China Vanke Real Estate Co. Ltd.; The meeting took place in the offices of the



Figure 7.60: Living model of Vanke experimental building n.6 in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

Another example is made by the Vanke's project of Yongqing Fang (万科永庆坊), situated in the historical center of Guangzhou (Figure 7.60)—where sited the National Cantonese Opera Museum—through which Vanke clearly aimed at challenging previous rapid urban transformations which pushed out the old residents and replaced them with a new set of inhabitants. Together with the municipal government of Guangzhou, Vanke started thus a participatory program to involve the local community within the regeneration process of the site. Moreover, usual practices of urban center renewal in China, had many times leaved a tabularasa of the precious heritage, history and charm of places. Instead of that, Vanke commissioned the young architectural studio D+H Lab, to redesign the abandoned alleyways and created a unique space preserving the historical urban tissue. Very differently from previous practices, carried out in historical centers in China, most of the historical heritage has been preserved and adapted to the new program and to contemporary living standards (Figure 7.61 and 7.62). After it was built, Yongqing Fang became thus a cultural landmark in Guangzhou and it provided a totally new example for old city regeneration nationally. Those measures were also a way to contribute to the clean up Vanke's and other developers' reputation as destroyers of local culture's communities and allow the company a further legitimization as a "social responsible brand". Vanke, had indeed previously declared the intention to fulfill the opportunity to "take measures to preserve culture heritage, combines local culture features with project planning and construction and spreads the concept of urban heritage preservation to all partners" (Vanke CSR Report, 2014).



Figure 7.61: Living model of Vanke experimental building n.6 in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

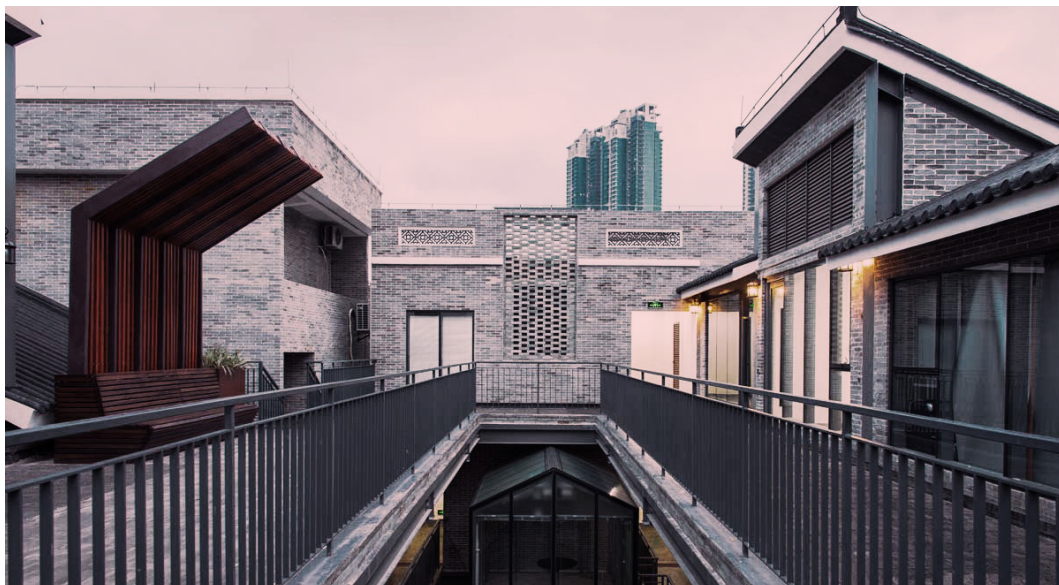


Figure 7.62: Living model of Vanke experimental building n.6 in Vanke's Housing Industrialization Research Center in Dongguan (source: picture by the author).

Obviously, these latter Vanke's interventions were not part of the company's mainstream business, but still they could surely be accounted as a new way of strategic developments' and operations' modality for the company. In this way, the final Vanke's intention, as well as its material production, demonstrate again the attention of the company to pursuit political and social directions in the definition of its corporate decision making processes.

7.5.2 Chinese developers moving abroad: Vanke in the United State

Vanke's ability to change its business strategy over time—and to keep leading the market—made the company particularly interesting to explore questions of learning and organizational capability in China. The transformation of the enterprise between the 1980s and the 2010s in its homeland was striking. However, the final stage in the transformation of Vanke was marked by the opening of a network of branches outside China starting from 2013.

In 2013, in a public interview, Vanke's president, Yu Liang, said that Vanke found that there was not much land available for development in the first-tier cities of the domestic market, and the company would go out to sea, as a way to expand its business. The testimony of Vanke's board of directors runs along the same lines. In the document *Listing of the overseas listed foreign shares by way of introduction on the main board of the stock exchange of Hong Kong Limited* (2014, p. 2) dedicated to foreign shareholders, and issued in June 2014, they wrote: “to gain experience in property development in overseas countries with mature property markets, in part by drawing upon the experience of overseas counterparts, we began to develop properties in overseas markets in 2013. In cooperation with well-known local developers, we currently have projects in Hong Kong, the United States and Singapore”.

In 2013, Vanke began also to set the cultural and economic infrastructure which would support its expansion abroad. Firstly, the firm required the implementation of its foreign financial means. According to the *Securities Daily*, in 2013, Vanke announced the launch of the “B-to-H program” which aimed at open the door to overseas financing (Zhuang Shaowen, 2013). In June 2014, the program would have encompassed the removal of B Shares from the system of SD&C and the listing of H Shares on the Hong Kong Stock Exchange (Listing of the overseas listed foreign shares by way of introduction on the main board of the stock exchange of Hong Kong Limited, 2014, p. 3). Second, Vanke aimed at expanding the recognition of its corporate image abroad through the participation to the International Milan Exposition in 2015. For the second time in its history, the company would have hold its own pavilion at an international exposition. The iconic building, designed by the worldwide celebrated architect Daniel Libeskind, was intended to show globally Vanke's corporate values. “We aim to represent Vanke's goals on a global scale: the possibility to create vibrant, healthy communities in a sustainable and innovative environment,” added the Chairman of Vanke, Mr. Wang.¹³² After its presentation in Milan, the image of the pavilion was thus associated to Vanke's corporate culture in its U.S. parent company's website.¹³³

132 Assumed from Vanke Pavilion - Milan Expo 2015 / Daniel Libeskind available at <https://www.archdaily.com/627994/vanke-pavilion-milan-expo-2015-daniel-libeskind>

133 Assumed from Vanke US official corporate website, available at <https://www.vanke.us/about/china-vanke>

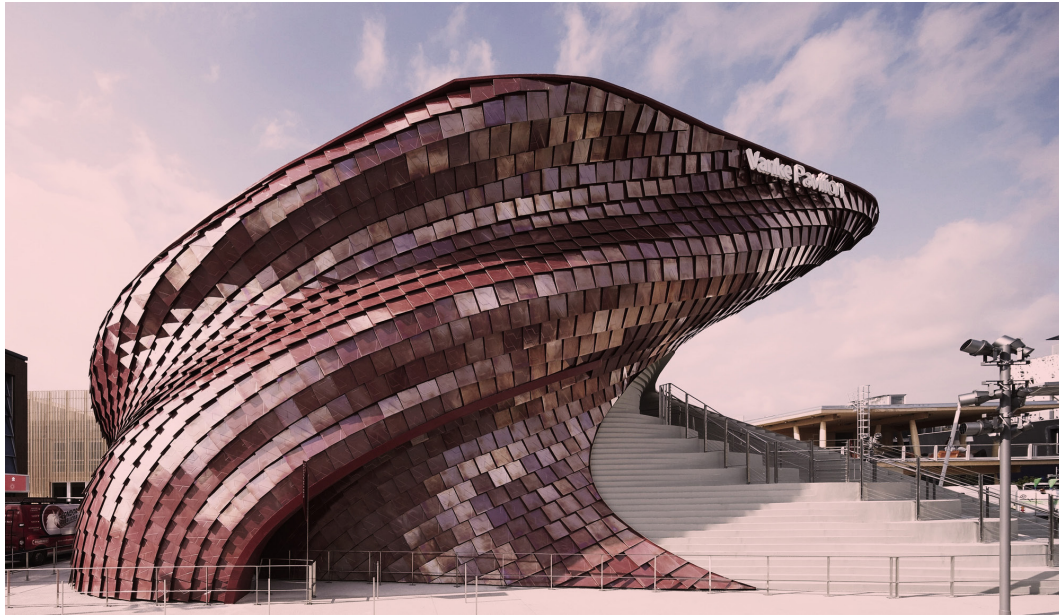


Figure 7.63: Vanke pavilion at the Milan 2015 International Exposition (source: Daniel Libeskind Official Website at <https://libeskind.com/search/vanke>).

In 2013, Vanke hit the foreign market in San Francisco, venturing in cooperation with the U.S. Company Tishman Speyer. The project, named “Lumina”, targeted Chinese people went abroad, which were not familiar with American real estate. Subsequently, the company expanded its business in North-American cities, particularly in Seattle and New York. Just to name some projects, Vanke developed, in partnership with RFR Holding, a new 61 story condo at 610 Lexington Avenue, New York, next to the well-known Seagram Building. “The pinnacle of modern luxury”,¹³⁴ which broke ground in February 2016, was designed by Norman Foster, the British well-known architect. Subsequently, the company took advantage of the recently booming Brooklyn market in NYC, where it developed few projects in partnership with Adam America Real Estate, such as a condominium in 251 1st Street¹³⁵ and an apartments tower in the waterfront of Brooklyn Heights.¹³⁶ Few years later, the company would have open more that twenty luxury projects in the US (accounting for 650.000 sqm of built area),¹³⁷ thus demonstrating not only its financial power, but also the expertise and the brand effect that the company has heavily gained in its homeland. Through those projects Vanke was marking its existence as a multinational firm, able to compete into the global market.

In the meanwhile, the news that Chinese developers were heavily entering the

134 In this manner the project has been described in the website of Vanke US parent company at <https://www.vanke.us/about/china-vanke>.

135 Informations about the project are assumed from Vanke 251 first official website at <https://www.251first.com/>

136 Informations about the project are assumed from Vanke Quay Tower official website at <https://quaytowerbk.com/>

137 Data retrieved from Vanke US official corporate website at <https://www.vanke.us/>



Figure 7.64: Digital promotion of Vanke 251 first (source: Vanke 251 first official website at <https://www.251first.com>).

global market, reached also the international press. At this purpose, *The New York Times* wrote: “China-based businesses and investors have been buying into New York City condominiums, hotels and office towers for years, but more recently, these firms have stepped up to take the lead on several major city developments”. The same source described many Chinese initiatives, including for instance, the project carried on by the giant company, Greenland Group, in New York. The well known Chinese real estate firm bought the 70 % shares of Brooklyn’s Atlantic Yards project from a well known American developer (Hughes, 2017).

However, United States were not the only favorite destination of Chinese developers in the 2010s. Country Garden, one of the major developer which systematically explored the potential of developing new business outside China, became very well known for a huge operation carried on by the company in Malesia.¹³⁸ Many other examples could be done and many other words could be spend at this purpose. However, suffice it is to say that Vanke was part of a broader phenomenon which would change, not only the balance of power of the major global economies, but also the one of the Chinese real estate industry.

Indeed, almost thirty years have passed from the time when the first piece of residential land was leased to a private organization in the People Republic of China. From that moment, Vanke, as well as many other Chinese housing developers, have seen a period of tremendous economic growth supported by constant investment of

138 In 2015, Country Garden launched a 10 square kilometers project in Iskandar Island, Malesia. The project has seen the emerged of Country Garden Forest City, a sustainable smart city conceived with a 3D Multi-layered urban planning, with no vehicle on the ground. In this manner the project has been described in the project’s website: <http://www.forestcitycountrygarden.com.my/location/>

huge amount of capitals with higher financial returns. However, the slow down of China's economic growth and the continuous compression of the profit margin of the domestic real estate market, have brought many Chinese property-savvy predators to go out of the sea and to find new business opportunities to power their capital engine. More broadly, it should be also highlighted that "China's urbanization has triggered massive opportunities for those in the architecture, engineering and construction industries, and the diverse skills and experience in these sectors has begun to be exported globally" (Park, Liauw, & Liu, 2008). Taking this trend to the extreme, those authors even discussed about a 'Sinofication of the World', in regard to the export of Chinese architecture and urbanism, in terms of practice, building types and culture.

To conclude, the mid of the 2010s, the years during which the Chinese housing developers began to redefine their positioning abroad, was also a turbulent period for Vanke. Not only these years were characterized by a recession of housing prices in main Chinese cities and an internal battle against a corporate assaulter attempting to regain the control of Vanke.¹³⁹ In 2016, Country Garden, owing to its investment abroad, strongly increased its revenues from previous years, thus putting an end to the hegemonic Vanke's power as the lading company in the Chinese real estate market.

139 According to *The Economist* (2016) Baoneng, a private Chinese conglomerate, fired the first salvo last year by raising its stake in Vanke to more than 24%. That made its holding bigger than the one held by China Resources, a state-owned enterprise which has long backed the firm's leadership, and set the stage for a takeover bid.

Chapter 8

Concluding remarks

From the beginning, this research was conceived as a methodological experiment using business history and architectural analysis to study commercial urban housing architecture within China's post-reform era (from 1979 onward). This research began by questioning Chinese houses' design and physical form, and in what ways they can be documented and explained within the complexities of China's urban landscape.

To approach this issue, several methods and perspectives could be employed, but doing such research in modern-day China entails some structural and conceptual problems, such as linguistic barriers, lack of accessible public archives, the nation's geographical and urban complexities, and the cultural context's alterity, all of which could not be overlooked. Moreover, this dissertation introduction already has displayed that much extant literature on Chinese housing has focused on the general formation and transformation of the market from a broader perspective.

Thus, I decided to focus on China Vanke Co. Ltd., one relevant real estate company, with few preconceptions as to what else I would discover. The research's rationale moved in an inductive manner, which is one of the principal reasons that led to my organizing the analysis of Vanke (both its history and housing projects) and the critical discussion on specific topics into separate sections. It was imperative to create some coherent narratives, properly reading, organizing, and displaying some past narratives that implicitly existed in a large number and variety of documents. Consequently, finding, collecting, reading, and organizing sources surely have been some of this study's principal challenges.

However, the decision to undertake a micro-level examination of a single company—and some of its projects—during such a long period of time (1988-2016) resulted in the discovery of differences between housing designs developed

in different time periods. Finding new connections between housing projects that I analyzed, as well as the conditions in which they had been produced—considering both the firm’s internal development and the external context—has been crucial to understanding some reasons for and drivers of these changes, along with tracing some paradigmatic shifts. Along these lines, both thematic studies (Chapters 4 and 5) displayed a similar development path—concerning the urban forms and apartments’ dimensions and features—from different perspectives. However, these have not been accounted for as linear and deterministic representations of the time frame. Indeed, the ones that I considered are not the sole variables that could be taken into account in such a complex equation that tries to combine the progression of a market, transformation of a firm, and housing production in a selected country. At most, they can be considered two relevant and original interpretations among a variety of drivers that could have influenced such a complex phenomenon. Subsequently, Vanke’s history (examined in Chapter 7) helped multiply the narratives, creating a tension between different representations of the past, thereby revealing these events’ complexity during this time.

In this regard, a micro-level investigation also has been essential in highlighting a huge number of relevant topics that could be suitable not only if delimited to the case of Vanke, but also if extended to a general understanding of the Chinese housing industry as a whole. However, discussing each topic in depth was not practical, both in terms of time constraints and scope of the thesis. This required choosing from a variety of topics and reducing each to shorter analyses and writings. Thus, a major effort has been made to identify the most valuable and innovative topics, so I used the history of Vanke and its projects’ analysis to make my selections. Apart from the different subtopics that one easily can retrieve from a historical analysis, the principal narrative that pervades this dissertation is one of underlining the design and narrative potential of a real estate company asserting its innovative character in shaping the housing industry according to market transformations. In this manner, moving back and forth from the general progression of the market, the industry, and the society to the internal development of Vanke, the Chinese housing industry’s leading firm, this dissertation revealed the productive outcome of a real estate company not only in financial terms, but also in terms of architectural and urban design, innovation, housing forms, and people’s lifestyles during the period beginning with the fall of Mao’s regime in the late 1970s up to today. In this regard, I believe that the perspective adopted could be inscribed as an innovative character of this dissertation.

Moreover, even as collecting and finding sources, writing the history of Vanke, and analyzing and re-drawing some of its designs have been very challenging tasks, they fundamentally should be considered as starting points of the research work as a whole. Indeed, this dissertation’s objectives were something more ambitious than merely documenting events, narratives, and artifacts, relating to one single private organization. This dissertation demonstrated that during China’s market-formation period, the relation between housing production and market transformation can be translated into two fundamental firm’s strategic propositions that affected the architecture of the Chinese contemporary house: a rhetorical and pragmatic view of

innovation as a means of differentiation from other companies, thereby resulting in an epistemological view of real estate developers as singular and relevant entities and a socially constructed conception of houses as brands of a business enterprise, thereby followed by instrumental use of these homes' designs as functional and symbolic means to build multiple identities (both the firm's ever-changing corporate identity and different consumer groups' social identities).

Starting from this points a further consideration should be added though. Even if this research strongly focused on the development of a private developer, many parts of the dissertation surely draw on the way a broader institutional framework for the provision of commercial housing has developed over the past forty years in the People Republic of China. The history of China's housing market formation and transformation is traced in depth in Chapter 7, from the early days of state intervention, through the periods of the Asian and the global financial crisis, up to the start of the "New Normal" phase during the second decade of the XXI century. What emerges from this narrative is that both the state and then a nationally organized and very powerful real estate industry have assumed predominant roles in relation to the housing production, planning and design in China. In this regard, the point of view adopted in this study—which is the one of a single real estate company—should be not intended as a way to legitimize the predominance of the private sector, rather it can be understood as the counterpart of many studies on China's contemporary housing history and urban development, which too much have focused on the role of the state intervention and they treated the housing and land market as abstract institutions (cf. Wu, Xu, & Yeh, 2008). Indeed, if the main rhetoric that pervades those studies is the one of a market strongly regulated and promoted by state interventions, several researches, which deal with China's transition from other perspectives, clearly highlight that, in general, China's market reform leaved the space for the emergence, not only of a neoliberal market, but also of a new and powerful entrepreneurial class (e.g. Krug, 2004; Zhang, 2008). In this sense, the perspective adopted in this dissertation is another way to depict that, even in a socialist republic as China, professions and industries (the real estate one in this case) are assuming institutional proportions owing properly to their necessity to the development of a civil society, and those are characterized by their social norms, power relationships, as well as by their oppositions to outside interferences. This argument is demonstrated in different sections within the history of Vanke—for instance cf. the constitution of the China Urban Real Estate Developers' Cooperative Network in paragraph 7.3.1. However, it goes without saying that, within this context, the role of Vanke, as one of the main leaders and promoters of this "entrepreneurial movement", does not have to be accounted as an hegemonic and dominant form of power, but rather as a reflection of a broader process of reform which "promoted opportunity for the articulation of particular interests even when they fly in the face of the general or national interest" (Hannan, 1998, p. 9). As Franklin (2006, p. 71) points out "in the context of planning, development and design there exists a situation in which a number of different and competing groups and individuals have the capacity to influence outcomes. This creates a state of tension in which opinion, conflict, negotiation, agenda setting and personality assume important dimensions."

Following this argumentations, parts of this dissertation—for instance paragraph 3.3, as well as many parts in the history of Vanke (traced in Chapter 7)—has shown that Vanke, and particularly its leaders, became important and symbolic figures in China's public sphere, and this properly owing to their pinnacle of achievement also in housing design and innovation. Owing to their personal contributions, such individuals have thus the power to influence events, to change policy directions, to alter the landscape and to transform ways of thinking (Gardner, 1997, p. 2), many time legitimizing their role through corporate values which can reflects previously settled political agendas. This continuously evolving conversation, between a large influential real estate tycoon and the authoritarian Chinese political system, has surely many consequence not only in the definition of a broader institutional and political structure but also some implications at the micro level of single development actions, and thus on the final definition of the housing environment. Indeed, even in China, where the government can be perceived from the outside as a monolithic entity, many studies have already proved that transactions and conversations are often solid points in the operation of planning and real estate development, both from institutional and cultural perspectives (Gray, 1991; Zielke & Waibel, 2015). This aspect should be thus valuable both from the point of view of local governments and other state institutions—such as planning agencies—as well from developers' one. Indeed, as some of Vanke's housing projects, exposed in this dissertation, have demonstrated, the outcome of the development process, particularly in term of design, not only reflects developers' issues such as single projects' profits, but also long term and social benefits, most of the time settled by clear political agenda, such as the quantity and quality of affordable housing, the preservation of the local environment, or the reduction of construction related emissions. In this sense, the analysis of these residential projects proved that, most of the times, the result—in terms of design, management and specific features of the built environment—is often a negotiation between single firm's corporate objectives, political narratives and newly established planning or design rules.

However, after this thesis has shown that Vanke and other developers could be influential and proactive actors in the construction and definition of the built environment, both in pragmatic and symbolic terms, their power legitimization must be understood more in detail within the framework of a transitional economy such as China, in which also “governing can employ a new and different meaning” (Shen & Wu, 2012b). Starting from the premise that the establishment of a market economy, within a primarily non-market society, is not a simply and immediate task, some authors argue that, within the context of China's post reform, the state should be conceived not only a market regulator, “it becomes essentially a market builder” (Wu, Xu, & Yeh, 2008, p. 11). Indeed, in post reform era, the state has not absolutely retreated from the urban development; but, the purposes of the state have become more complex, properly because the newly established market gave rise to externalities beyond traditional state regulatory power (*ibid*, p. 113). For this reason, many authors have subsequently argued that China's recent urbanization is properly “a mixture of market logic and state authority logic” (He and Wu, 2009, p. 296; see also Wu, 2010).

Indeed, in China, owing to the public ownership of land, the government can still retain a strong control over real estate developments. Within such an institutional framework, the Chinese perspective of the growth coalition, between local governments and real estate developers, could be considered very different from the idea of the growth machines in the United States, properly because China's entrepreneurial local governments can retain a strong decision-making power (Xu & Yeh, 2009). On a very pragmatic level, this is reflected on local governments' attitude to urgently promote upscale real estate projects, driven by the desire to generate revenues through land development and thus continuously sustain economic growth (Shen & Wu, 2012b). Within this context, Vanke's housing production, as well its corporate strategies and branding activities applied to the construction of the contemporary urban landscape, have also to be intended as market operations which serve the interests of a state-led accumulation regime.

Thereafter, it is suggested by the existing academic literature that progrowth coalitions are also formed to pursue so-named "symbolic real estate value" (Shen & Wu, 2012a). Indeed, according to Shen & Wu (2012b), a specific definition of the built environment, through large scale developments, does not only serve to increase local land prices, but also it has the power to shape the image of the city in order to attract further investments and consumption. In this sense, the new China's urban housing landscape, both in terms of aesthetics and style, as well as in term of spatial configuration, can be considered for its effects to serve governments' and large developers' interests in shaping a new consumption society. This argument serves also to position Vanke's branding and design practices on a broader context, in which Ritzer (2005) argued that the production of contemporary urban spaces, through their forms and features, are now designed and shaped to coerce people into consumption. However, these considerations are also in line with the position of sociologists, who deal with China's reforms, because they have already highlighted that the construction of the built environment could be thus framed among the rationale behind governmental policies enacted to stimulate consumption (cf. Fleischer, 2007; Tomba, 2009a), and transform it in a socially embedded process. In this sense, as this dissertation demonstrated, particularly from the point of view of branding and design of housing, "the built environment, its forms and features, can be conceived as product whose meaning is subject to manipulation through the subtle presentation of image" (Franklin, 2006, p. 85). This consideration is thus strongly in line with the analytical conception of the house as a brand—as it is presented in this dissertation—because in order to increase capital inflation, material products (houses in this case) must be enriched with symbolic meanings in order to stimulate consumers' imagination and thereby attract possible buyers. From a sociocultural perspective, those symbolic features and meanings, intrinsically embedded in the China's urban landscape, aim at stimulating the emergence of new middle class stratas, usually named as "*nouveaux riches*" and "*nouveaux bourgeoisie*" or "*nouveaux petit bourgeoisie*", which attempt to determine their identity through distinctive tastes and lifestyles (Knox, 2008).

In this manner, China's branded urban landscape—as documented through this research—can participate to two main implications related to power legitimization

both of governments and private developers, sustain economic growth and provide to enlarge China's middle classes—or middle stratas—which improve social and political stability (Tomba, 2009a). To conclude, this thesis has also depicted that within a definition of the built environment, through single firms' novelties and branding activities, the potential exists for housing and spatial forms to facilitate or constraint certain types of activity and thus to transform the essence of social relations, reflecting the way in which power is made manifest.

In this regard, I am confident that the evidence shown and the concepts introduced can be inscribed as a small contribution to the vast bodies of extant literature that try to understand how the urban and housing environments are addressed both in China and elsewhere. Indeed, it is my final hope that the results obtained from this study can be partially valuable and applicable to other contexts that go beyond the geographical boundaries of the territories that this dissertation investigates.

Moreover, even if this study has led to new insights concerning the connection between a real estate company's business operations and the production of branded residential architectures, more aspects deserve further attention in future research concerning the connection of these two levels of observation. A finite number of more limited improvements also should be mentioned here.

First, regarding the concepts introduced, this work added some knowledge to studies that dealt with housing designs and meanings by introducing the themes of innovation and branding in connection with the design of commercial housing projects. However, more research is needed to understand this complex relationship. Indeed, Vanke and other developers in China have completed a huge number of housing projects, and this thesis has explored only a few projects at one company, so it would be desirable to explore the phenomenon on a much broader scale, both investigating other Vanke projects, as well as other developers' projects and their attitudes in the production of the built environment. Moreover, if this study, applying historical and empirical analyses to a single protagonist (Vanke), could have the merit to recognize and highlight an emerging phenomenon, other methodologies and perspectives—including, for example, comparative studies with other contexts, in-depth studies on business and management organization, structured discourse analyses, ethnographic researches combined with structured interviews to housing residents, as well as detailed graphic analysis—probably could be adopted in the future to find more evidence, as well as systematize the concept of houses as brands in more depth. Finally, further investigations also could lead to practice-relevant findings to design new housing schemes in the future. In this regard, a need exists to build a more pragmatic understanding of the theme of innovations in the real estate industry and the concept of houses as brands, as well as to determine specifically how they can be adopted to inform practitioners in the field—including not only real estate developers, but also architects and urban planners.

Second, regarding methodology, historical and business analysis of a real estate enterprise probably offered an opportunity to deepen the relationship between consumption and production of residential spaces and architectures. Two principal

aspects would be interesting to develop in the future. First, since this methodology resulted in quite effectively understanding some drivers of housing patterns' transformations in a specific temporal and geographical boundary, a similar research framework—including the approaches and sources employed—should be tested in other contexts, both in China and elsewhere. Second, as long as the meaning and design of the built environment are constructed partially by its producers and financial promoters, it would be interesting to apply a business-oriented historical approach to other types of organization, as well as to the study of different types of architectural outcomes. Moreover, these efforts probably would help improve the methodology itself. Surely, a need exists to deepen understanding of the sources employed, as well as their function in the construction of meaning.

In conclusion, architectural scholars, particularly historians, so far have tended inexplicably to bypass in-depth examinations of the complex relationship between architecture and real estate management practices. As Peggy Deamer (2014, p. 1) noted, a focus on the broader connection between architecture and capital probably has been either assumed “less interesting than one which traces the relationship of one architectural style to another style or to a philosophic position, or the dominance of theories of architectural autonomy.” However, the editors of the book *Economy and Architecture*—Juliet Odgers, Mhairi McVicar, and Stephen Kite—started their introduction to the book with a sentence that I could not agree with more. “We are all too aware, as any practicing architect must be, that a skillful engagement with the exigencies of market, money, and price are necessary not only in running a successful practice, but also in ‘procuring’ a building” (Odgers, McVicar, & Kite, 2015, p. 5). But, while this is obvious, I believe that the development of a business-oriented historical approach, as discussed in this research, together with the integration of a more-detailed understanding of innovation, design, and branding in an industrial and economic framework, would be an extremely powerful perspective in comprehending the design of built environments. Today, more than ever, this seems pertinent, as it appears that only large financial supporters and market-oriented practices can satisfy contemporary cities' rapidly changing housing and design needs. Today, as William S. Saunders, founding editor of *Harvard Design Magazine*, noted, “the design of the built environment has been increasingly engulfed in and made subservient to the goals of the capitalist economy, more specifically the luring of consumers for the purpose of gaining their money. Design is more than ever a means to an extrinsic end, rather than an end in itself” (Saunders, 2005, p. viii).

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Appendix A

The calculation of Herfindahl Index, in order to evaluate the concentration of the Chinese Real Estate Market in 2016, has been enlarged in this appendix.

$$HHI = \sum_{i=1}^N s_i^2 \quad 0 \leq H \leq 1$$

Herfindahl Index Formula (Source: Ginevičius, 2007)

S_i is the market share of any individual enterprise into the market

According to data elaboration of the top 50 real estate enterprises¹ in China, HHI=0,172

¹ In very diverse market is not easy to obtain market shares of all the firms into the market. However, in the calculation of HHI, market shares of small firms can be considered so small that, their effect is little against the size of the index. Thus, it is possible to estimate the Herfindahl Index relying on the information of the 20 or 50 largest firms in the market (Ginevičius, 2007).

N.	Sales Revenues (100.000 RMB)		Market Shares		Market Shares ²
1	619,000		0,087		0,007
2	492,000		0,073		0,005
3	382,000		0,067		0,004
4	300,000		0,045		0,002
5	249,000		0,037		0,001
6	238,000		0,035		0,001
7	214,000		0,032		0,001
8	197,000		0,029		0,001
9	195,000		0,029		0,001
10	182,000		0,027		0,001
11	181,000		0,027		0,001
12	176,000		0,026		0,001
13	162,000		0,024		0,001
14	157,000		0,023		0,001
15	155,000		0,023		0,001
16	154,000		0,023		0,001
17	153,000		0,023		0,001
18	145,000		0,022		0,000
19	140,000		0,021		0,000
20	138,000		0,021		0,000
21	130,000		0,019		0,011
22	122,000		0,018		0,010
23	107,000		0,016		0,008
24	106,000		0,016		0,007
25	103,000		0,015		0,007
26	97,000		0,014		0,006
27	95,000		0,014		0,006
28	93,000		0,014		0,006
29	88,000		0,013		0,005
30	82,000		0,012		0,004
31	80,000		0,012		0,004
32	79,000		0,012		0,004
33	77,000		0,011		0,004
34	76,000		0,011		0,004
35	74,000		0,011		0,004
36	73,000		0,011		0,004
37	72,000		0,011		0,003
38	69,000		0,010		0,003
39	65,000		0,010		0,003
40	64,000		0,010		0,003
41	62,000		0,009		0,003
42	60,000		0,009		0,002
43	56,000		0,008		0,002
44	55,000		0,008		0,002
45	54,000		0,008		0,002
46	52,000		0,008		0,002
47	51,000		0,008		0,002
48	50,000		0,007		0,002
49	48,000		0,007		0,002
50	45,000		0,007		0,001
TOT	6714,000			HHI	0,172

Data spreadsheet of top 50 China's real estate enterprises in 2016 (Source: CRIC)

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